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DOCUMENTS SECTION

UNIFORM CLASSIFICATION OF ACCOUNTS

FOR

WATER COMPANIES

PRESCRIBED BY

THE PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF PENNSYLVANIA

EFFECTIVE JANUARY 1, 1918

HARRISBURG, PENNA.:
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1918

THE PUBLIC SERVICE COMMISSION

OF THE

COMMONWEALTH OF PENNSYLVANIA

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ORDER

At an executive session of The Public Service Commission held at its offices in Harrisburg on the twenty-fifth day of March, 1918.

The subject of a uniform classification of accounts to be prescribed for and kept by water companies according to the provisions of Article V, Section 15. of The Public Service Company Law, approved July 26, 1913, being before the Commission and the matter having been duly heard at public hearing as provided by law;

It is Ordered, That the classification of accounts with the definitions and instructions embodied in a typewritten form now before the Commission to be hereafter printed and known as the Uniform Classification Of Accounts For Water Companies, be and the same is hereby approved;

It is Further Ordered, That the said Uniform Classification Of Accounts For Water Companies, with instructions pertaining thereto, be and the same is hereby prescribed for use by water companies subject to the provisions of The Public Service Company Law, approved July 26, 1913, and acts amendatory thereto, in the keeping and recording of their accounts; that each and every water company, as defined in the said uniform classification of accounts, shall be required to keep all accounts in conformity therewith; and that a copy of said uniform classification of accounts to be sent to each and every such water company.

It is Further Ordered, That January 1, 1918, be and is hereby fixed as the date on which the said classification of accounts, with instructions pertaining thereto be effective.

It is Further Ordered, That the said water companies may postpone installing the Balance Sheet, Income, and Surplus accounts provided in said classification of accounts until January 1, 1919.

BY THE COMMISSION:

WM. D. B. AINEY,
Chairman,

ATTEST:

A. B. MILLAR,
Secretary.

(Seal.)

THE PUBLIC SERVICE COMMISSION OF THE COMMONWEALTH OF PENNSYLVANIA

BUREAU OF ACCOUNTS AND STATISTICS

Harrisburg, Pa., May 3, 1918.

To The Water Companies of Pennsylvania:

Article V, Section 15, of The Public Service Company Law, approved July 26, 1913, provides that The Public Service Commission of the Commonwealth of Pennsylvania "may, and shall after hearing had upon its own motion * * * , establish, by an order to be served as provided, * * * upon every public service company affected thereby, a system of accounts to be used by such public service companies, etc."

Acting under authority of this article the Bureau of Accounts and Statistics prepared a pamphlet entitled "Tentative Draft Of Uniform Classification Of Accounts For Water Companies" and sent copies of it to the water companies of Pennsylvania, with a request for their criticisms and suggestions. It later held conferences at various places in the State with representatives of the water companies for the purpose of discussing the provisions of this tentative draft and the criticisms and suggestions submitted by the water companies. As a result of these proceedings it amended this pamphlet and changed its title to "Uniform Classification Of Accounts For Water Companies" and then submitted it to The Public Service Commission for the purpose of considering the prescription of it for the water companies of Pennsylvania.

Accordingly, The Public Service Commission held a public hearing in Harrisburg on March 21, 1918, due notice of which was given the water companies of Pennsylvania, and as a result thereof prescribed and issued by its order under date of March 25, 1918, this Uniform Classification Of Accounts For Water Companies.

A copy of this order precedes this letter.

In this classification of accounts the term water company means any body corporate, joint stock company, association, its lessees, assignees, trustees, receivers, or other successors in interest; any city, borough, town, township, or county; any individual, partnership, or association engaged in rendering water service within the boundaries of the Commonwealth of Pennsylvania.

Each water company as thus defined shall after January 1, 1918, keep those accounts only which are prescribed in this classification or which are permitted by The Public Service Commission.

In its order of March 25, 1918, the Commission permitted the water companies to postpone the installation of the Balance Sheet, Income, and Surplus accounts provided in this classification until January 1, 1919.

The Bureau of Accounts and Statistics wishes to express its appreciation of the assistance received in the preparation of this classification from the pamphlet entitled "Uniform Accounts For Systems Of Water Supply" issued by the United States Bureau of Census; the classifications prescribed by the Interstate Commerce Commission for various utilities subject to its jurisdiction; the classifications prescribed by other states for water and other utilities; the classifications used by certain water companies in Pennsylvania and elsewhere; the criticisms and suggestions of the water companies, engineers,

accountants and others of the "Tentative Draft Of Uniform Classification Of Accounts For Water Companies"; suggestions of the water companies, engineers, accountants, and representatives of the Pennsylvania Water Works Association that attended the conferences held in various places in the State for the purpose of considering the aforesaid tentative draft; and all others who gave their advice and counsel.

In case any water company is in doubt as to the meaning of any account, definition, or instruction provided in this classification it is requested to communicate with The Public Service Commission for an official ruling.

C. J. JOYCE,
Chief.

GENERAL DEFINITIONS AND INSTRUCTIONS.

Water Utility.

In this classification of accounts the term Water Utility means any "Public Service Company", as defined in Article I, Section 1, of The Public Service Company Law, engaged in selling water within the Commonwealth of Pennsylvania. It includes any body corporate, joint stock company, association, its lessees, assignees, trustees, receivers, or other successors in interest; any city, borough, town, township, or county; and any individual, partnership or association engaged in the water business.

The expression the utility as used herein means in each instance any water utility that is required to keep the accounts prescribed in this classification.

Classification of Water Utilities.

In this classification of accounts water utilities are divided into four classes, as follows:

Class A—Water utilities that have an average total annual operating revenue of more than $250,000.00.

Class B—Water utilities that have an average total annual operating revenue of more than $50,000.00 but not more than $250,000.00.

Class C—Water utilities that have an average total annual operating revenue of more than $5,000.00 but not more than $50,000.00.

Class D—Water utilities that have an average total annual operating revenue of $5,000.00 or less.

If any company or individual maintains a water system which derives most of its water revenue from sales of its water to consumers that are affiliated with it, or if any company which maintains a water system primarily for its own use supplies water to others and thereby becomes a public service company within the meaning of The Public Service Company Law, it may with the consent of The Public Service Commission first had and obtained keep the accounts prescribed for "Class D" companies provided its annual revenue from sales of water to other consumers does not exceed five thousand dollars.

General Explanation of Accounting Plan.

In this classification accounts are divided into the following main divisions:

Balance Sheet Accounts
Fixed Capital Accounts
Income Accounts
Surplus Accounts

Each of these divisions of accounts is defined in the section of this classification allotted to it.

The "Balance Sheet Accounts" are prescribed alike for "Class A", "Class B", and "Class C" utilities. Each utility in each of these classes is required to record its assets and liabilities in the appropriate balance sheet accounts provided in this classification.

Special balance sheet accounts are prescribed for "Class D" utilities on pages 122 and 123. The utilities in "Class D" may keep the balance sheet accounts prescribed for utilities in the other classes.

The detailed "Fixed Capital Accounts" for property acquired after December 31, 1917, are prescribed alike for "Class A", "Class B", "Class C", and "Class D" utilities. Each utility in each of these classes is required to record the various items of fixed capital that it acquires after December 31, 1917, in the appropriate fixed capital accounts provided in this classification.

The "Income Accounts" and "Surplus Accounts" are not prescribed alike for the different classes of utilities. A minimum number of accounts is prescribed for the utilities in each class. Each utility in each class is required to keep this minimum number of accounts in so far as such accounts apply to its activities. Utilities in "Class C" may, however, keep the accounts prescribed for "Class B" or "Class A" utilities and likewise utilities in "Class B" may keep the accounts prescribed for utilities in "Class A".

Special "Income Accounts" on pages 124 and 125 and special "Surplus Accounts" on page 126 are prescribed for utilities in "Class D". The utilities in "Class D" may keep the income and surplus accounts prescribed for utilities in the other classes.

The income and surplus accounts of this classification which are defined and which are assigned specific numbers are primarily "Class A" accounts. Some of them, however, contain information which should be kept separately by each utility regardless of its class. Such accounts are therefore prescribed alike for "Class A", "Class B", "Class C", and "Class D" utilities. The other income and surplus accounts prescribed for "Class B", "Class C", and "Class D" utilities are not separately defined. They are the result of combining certain defined "Class A" accounts under titles that are each descriptive of a common characteristic of the accounts combined; thus in an account entitled "Metered Private Sales", "Class C" utilities record all those private sales which "Class A" utilities record separately in accounts 300 to 303 inclusive. In like manner "Class D" utilities record in an account entitled "Private Sales" all those private sales which "Class A" utilities record in accounts 300 to 303 inclusive, and accounts 306 to 310 inclusive. Any "Class C" utility therefore will find the substance of its "Metered Private Sales" account described in accounts 300 to 303 inclusive and any "Class D" utility will find the substance of its "Private Sales" account described in accounts 300 to 303 inclusive and accounts 306 to 310 inclusive. In like manner the content of any other account prescribed for "Class D", "Class C", or "Class B" utilities, which is not separately defined, is described in the various "Class A" accounts that constitute it.

The inter-relation of the income and surplus accounts prescribed for "Class A", "Class B", and "Class C" utilities is shown in the various sections of the "Index To Income Accounts Prescribed For Classes A B and C Water Utilities" and the "Index To Surplus Accounts Prescribed For Classes A B and C Water Utilities". In each of these indexes each account which the utilities in each class is required to keep is designated by the class letter of the utility; thus "Class C" utilities are required to keep all those accounts that are followed by the designations (Class C), (Classes B and C), or (Classes A B and C). In like manner "Class B" utilities are required to keep the accounts that are followed by the designations (Class B), (Classes B and C), or (Classes A B and C), and "Class A" utilities are required to keep those followed by the designations (Class A), (Classes A and B), and (Classes A B and C).

Where any "Class C" or "Class B" account is the result of combining certain "Class A" accounts these indexes show the "Class A" accounts combined to make the "Class C" or "Class B" account.

Special indexes which show those income and surplus accounts which are prescribed for "Class C" utilities only and which show the "Class A" accounts which constitute these "Class C" accounts, are provided.

Like special indexes are also provided for "Class B" utilities.

General Definitions and Instructions

Any utility may subdivide any balance sheet, fixed capital, income, or surplus account in order to procure information which it may desire for its own use provided that in doing so it does not impair the integrity of any of the accounts prescribed.

A utility shall not open an account which is not prescribed for its class until it has obtained permission to do so from The Public Service Commission.

Account Number.

The number prefixed to any account title in this classification is intended to be used for convenience in reference. Any such number need not be treated as a part of the account title to which it is prefixed.

Method of Bookkeeping.

Every water utility, which is subject to "The Public Service Company Law" of the Commonwealth of Pennsylvania, shall on and after January 1, 1918, keep its accounts by the double entry method.

This requirement does not apply to purely statistical accounts.

Accounting Period.

Each water utility may at its option select a month, three months, six months or a year as its accounting period, and may make its bookkeeping entries, except those which in their nature must be made as they occur, on the basis of such accounting period. It will, however, be required to close its books at the end of its fiscal year which under ruling of The Public Service Commission is the year ending December thirty-first.

Records.

Each water utility shall so keep its general accounting books, and all other books and records which support in any way the entries to such accounting books, that it can furnish at any time full information as to any account kept by it. Moreover it shall support each entry to each account with such detailed information as will enable a ready identification and verification of the facts recorded therein.

The records referred to herein include not only accounting records, but all other records such as minute books, etc., which will be useful in developing the history of any of the utility's transactions.

Each water utility shall not destroy or otherwise dispose of any records which support entries to any of its accounts until it has been authorized to do so by The Public Service Commission.

Moreover each water utility is required under Article II, Section 1, (j), of "The Public Service Company Law" of the Commonwealth of Pennsylvania to keep all books, accounts, records and memoranda in an office within the Commonwealth of Pennsylvania. Furthermore it shall not remove any of them from the Commonwealth except upon such terms and conditions as The Public Service Commission may prescribe.

Affiliated Companies.

In this classification affiliated companies include those companies which the utility solely or jointly controls: those companies which solely or jointly control the utility; those companies that control companies which the utility controls; those companies which are controlled by companies which control the utility.

Control.

Control means the ability to determine the action of a company. Such control is sole when it rests in one company. It is joint when it rests in two or more companies and is exercised under a joint arrangement.

Forms of Control.

One company may exercise control over another through its title to a major portion of the voting securities of such company; through an agreement which enables it to name the majority of the directors, managers, or trustees of such company; through its ability to foreclose a first lien-mortgage on all or a major part in value of the property of such company; through its advances for construction, equipment, additions, or betterments, made to such company and conditioned upon the right to determine its action; through any other right that it may possess to influence the policy of such company in any respect.

A leasehold interest in property of a company is not a form of control over that company.

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BALANCE SHEET ACCOUNTS.

Definitions and Instructions.

Balance Sheet Accounts.

Balance sheet accounts are those which record the assets and liabilities of the utility and show its financial condition at any particular time.

In this classification each balance sheet account is a separate general ledger account.

Assets.

The assets of the utility are the properties or wealth, tangible and intangible, in its possession or at its disposal.

Liabilities.

The liabilities of the utility are the amounts of money or money's worth which it is under legal obligation to pay, deliver, or render to others.

Debt Discount and Expense.

Discounts and expenses incurred by the utility upon bonds and all other evidences of indebtedness issued by it in payment for fixed capital items shall be charged to "131. Unamortized Debt Discount and Expense" account if such debt matures more than one year from the date of its issue; or to "135. Other Deferred Charges" account if it matures one year or less from the date of its issue. Such discounts and expenses shall not in any case be charged to any fixed capital account.

Contingent Assets and Liabilities.

Contingent assets are those assets which at the end of any accounting period have no real value but which, if certain conditions then regarded as uncertain are fulfilled, will become valuable.

Contingent liabilities are those liabilities which at the end of any accounting period are neither direct or assumed obligations of the utility but which may under certain conditions become real obligations.

Such assets and liabilities shall be recorded separately and shall not be shown as a part of the regular assets and liabilities in any balance sheet which the utility submits to The Public Service Commission. They shall be shown in detail in a supplemental statement.

Capital Stock.

Capital stock as herein used means those issues of securities which represent permanent interests in the corporation, or interests which, if terminable, are so, except in case of dissolution, only at the option of the corporation issuing them.

Capital stock may be divided into preferred stock and common stock.

Preferred stock is that stock which has been given special rights as to the distribution of profits or assets, or has been given some other privilege not enjoyed by the remaining stock of the same corporation. It may be cumulative or noncumulative, participating or nonparticipating.

Cumulative stock is dividend bearing preferred stock on which that portion of the stipulated dividend remaining unpaid at the close of any year must subsequently be paid before a dividend can be paid on any other class of stock. Preferred stock for which such a dividend provision has not been made is noncumulative.

Participating stock is stock which is entitled to participate in a share of the profits of the corporation in excess of its stipulated dividend rate. Nonparticipating stock is entitled to that share of the corporation's profits only that is stipulated by its dividend rate.

Common stock is that stock which shares in the distribution of the corporation's profits only after the dividend claims of all other classes of stock have been paid.

DEBT.

Debt, as herein used, includes all absolute obligations to pay money at a definite time or times, or at a time or times which can be made definite by demand or other act of the creditor. It does not include contingent obligations, such as obligations to pay rent in advance or liabilities of indorsers upon paper not yet defaulted.

In this classification debt is divided into two classes, Funded Debt and Unfunded Debt.

Funded Debt comprises all debt which, by the terms of its issue does not mature until more than one year after the date of such issue.

Unfunded Debt comprises all debt which, by the terms of its issue matures one year or less after the date of such issue.

TEXT EXPLANATORY OF BALANCE SHEET ACCOUNTS.

ASSET ACCOUNTS.

I. FIXED CAPITAL ACCOUNTS.

100. Fixed Capital Installed Prior to January 1, 1918.

Charge to this account the book value, at the close of December 31, 1917, of all fixed capital owned and used by the utility in the conduct of its water operations. No charge shall be made to this account for any fixed capital acquired after December 31, 1917.

When any item of fixed capital, carried in this account, is retired from service credit to this account the amount at which it is carried herein; charge to the appropriate sub-account of "123. Materials and Supplies" account any salvage recovered from it; charge to "102. Depreciation of Structures and Equipment Reserve" account the amount reserved from January 1, 1918, to provide for the loss suffered by it since that date from wear, tear, obsolescence, etc.; charge to the reserve account provided prior to January 1, 1918, the accumulated amount reserved at the close of December 31, 1917, to provide for like loss suffered by it; and charge either to "709. Amortization Unprovided for Elsewhere" or to "132. Property Abandoned" account, as The Public Service Commission may direct, the net loss sustained on it.

The charge to "132. Property Abandoned" account shall be made on the basis of the money cost of such fixed capital less the amount of salvage recovered therefrom and the amount reserved for depreciation thereof.

Any excess of the amount at which such retired fixed capital is carried in this account over its money cost shall be charged to "709. Amortization Unprovided for Elsewhere" account.

This account is a controlling account of the various accounts that were combined on January 1, 1918, to make it.

101. Fixed Capital Installed Since December 31, 1917.

Charge to this account the cost of all fixed capital installed since December 31, 1917, and used by the utility in the conduct of its water operations.

This account is a controlling account for accounts 200 to 269 inclusive.

102. Depreciation of Structures and Equipment Reserve.

Credit to this account and charge to "402. Depreciaton" account that amount which it is estimated will through regular application over the life of the structures and equipment of the various divisions of the utility's water system be sufficient to provide an adequate reserve to cover those expenses of depreciation that accrue upon such structures and equipment.

In these expenses of depreciation include those ordinary losses suffered by the utility's structures and equipment from wear and tear not covered by current repairs; those extraordinary losses sustained by such structures and equipment from obsolescence or inadequacy due either to age, physical change, or supersession resulting from new inventions, discoveries, change in popular demand, or requirements of public authority;

and those losses which result from the destruction of such structures and equipment by those extraordinary casualties to which the principles of insurance are not applicable.

The amount credited to this account by the utility shall, until it is otherwise directed by The Public Service Commission, be based upon a rule determined by the utility. This rule may be derived by a study of the utility's history and experience over a period long enough to enable it to obtain information upon which it can establish a fair and reasonable basis of depreciation.

On or before January 1, 1918, the utility shall file with The Public Service Commission a copy of its depreciation rule and a sworn statement of the facts, expert opinions, and estimates upon which such rule is based. If the utility amends this rule later it shall file a like sworn statement for every change that it makes before it puts such change into effect.

In determining its rate of depreciation the utility shall in the case of those structures and items of equipment that can be satisfactorily individualized, provide for each such structure and item of equipment an amount which will through regular accumulation ensure at the time such structure or item of equipment goes out of service a reserve therefor equal to the original money cost thereof less salvage recovered thereon. In the case of those structures and items of equipment that cannot be satisfactorily individualized the utility shall keep such structures and equipment in efficient operating condition through repairs and shall treat all renewals or replacements of parts thereof as repairs.

When any structure or equipment of the water system is retired from service, charge to this account the amount credited to it since January 1, 1918, to provide for the depreciation of such retired structure or equipment; charge to the depreciation reserve account provided prior to January 1, 1918, the accumulated amount of depreciation accrued at the close of December 31, 1917, on such structure or equipment; charge to "123. MATERIALS AND SUPPLIES" account the value of the salvage recovered; and credit to the fixed capital account in which it is carried the original money cost of such retired structure or equipment. If the original money cost of any structure or equipment retired is in excess of the above charges, charge such excess either directly to "709. AMORTIZATION UNPROVIDED FOR ELSEWHERE" account, or, with the permission of The Public Service Commission, to "132. PROPERTY ABANDONED" account.

If the utility cannot determine the original money cost of any structure or equipment that it retires it shall make an estimate thereof and preserve in its files all the data pertaining to such estimate.

The utility is restricted in its use of the amount which it has reserved for depreciation to the application of it to the recovery of those losses, mentioned in this account, which are suffered by its structures and equipment used in the public service. Moreover the utility shall make no other charges to this account than those mentioned herein. Finally it shall not divert any portion of the amount reserved for depreciation to surplus or make any other use thereof until it has been authorized to do so by The Public Service Commission.

Balance Sheet Accounts

103. Amortization of Intangible Capital Reserve.

Credit to this account and charge to "404. Amortization of Franchises, Patent Rights and Licenses" and "609. Amortization of Intangible Landed Capital" accounts those amounts which, through regular application, will provide at the expiration of the lives of the utility's limited franchises, patent rights and licenses, limited rights of way, leaseholds, water power rights, and water diversion rights, a reserve equal to their original money cost.

When the original money cost of any such item of intangible capital has been completely amortized, charge to this account and credit to the account in which it is carried the amount of it.

104. Cost of Fixed Capital Purchased.

Charge to this account the cash value of the consideration given for fixed capital in the form of a going or completed water system or of any portion of such system purchased from others.

The constituent elements of such fixed capital shall be appraised at their structural values, that is, at the estimated cost of replacement or reproduction less deterioration due to wear and tear, obsolescence and inadequacy.

When The Public Service Commission has approved such purchase credit to this account the purchase price and charge to the appropriate fixed capital accounts either the appraised value or the purchase price. If the purchase price is in excess of the appraised value charge the constituent elements of the proper fixed capital accounts with the appraised values and charge the excess to "203. Other Intangible Capital" account. If the purchase price was not in excess of the appraised value charge the constituent elements of the fixed capital accounts with the purchase price distributed through such accounts on the basis of the appraised values.

The utility shall so keep its records of such purchase that they will show a complete account of the contract under which such property is acquired, the consideration given therefor, the basis of determining the actual money value of such consideration if other than money, the method of appraisal, the amount charged to each fixed capital account, and the disposition of any difference between the purchase price and appraised value of such property.

In connection with the purchase of property chargeable to this account, the utility shall procure all existing records, memoranda, and books of accounts in the possession or control of the grantor relating to the construction and improvement of such property and shall preserve such records, memoranda, and books of accounts until authorized by The Public Service Commission to destroy or otherwise dispose of them. If it is impracticable to transfer such records, memoranda, and books of accounts, the utility shall procure copies of them certified by the custodian of the originals.

105. Construction Work in Progress.

Charge to this account all expenditures under estimates, work orders, or other forms of authorization for structures and equipment in process of construction. Such expenditures shall also include that proportion of

expenses of supervision, engineering, tools, store, and other like general expenses that may be assigned to such construction work. When such work is completed, credit this account and charge to the appropriate fixed capital or other accounts the cost of the completed work.

This account shall be so carried that the utility can furnish a complete analysis of the expenditures under each estimate, work order, or other form of authorization.

II. INVESTMENT ACCOUNTS.

106. Investment Securities.

Charge to this account the cost of stocks, bonds, notes, and other evidences of indebtedness each of which does not mature until more than one year after the date of issue, held by the utility for the purpose of exercising control over other companies whether utilities or non utilities, for the income that may be derived from such securities, for securing advantages, or for any other purpose.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose of holding and the cost of the following kinds of investment securities owned by it:

Stocks of Affiliated Water Utilities
Stocks of Other Affiliated Utilities
Stocks of Affiliated Non Utilities
Funded Debt of Affiliated Water Utilities
Funded Debt of Other Affiliated Utilities
Funded Debt of Affiliated Non Utilities
Other Stocks
Other Funded Debt

107. Property Used in Other Public Services.

Charge to this account the cost of land, structures, and equipment owned by the utility and used by it in rendering public services other than water.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the kind and cost of property used in each other public service, such as electric, gas, etc.

108. Advances to Affiliated Companies for Construction, Equipment, or Additions and Betterments.

Charge to this account the amounts of advances made by the utility to its affiliated companies, whether utilities or non utilities, to enable them to pay for construction, equipment, or additions and betterments.

In order that such advances may be charged to this account it must be understood that they are not to be repaid within one year, or that they are to be repaid in securities of the companies to which the advances were made.

Exclude from this account and charge to "707. Gifts to Affiliated Companies" account the amounts of advances that are made to affiliated companies without expectation of reimbursement.

Exclude also from this account and charge to "120. Accounts Receivable from Affiliated Companies" account the amounts of temporary advances on current accounts to affiliated companies.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amounts advanced to each affiliated company, the length of time for which each advance is made, how it is to be repaid, whether or not each affiliated company to which an advance is made is a utility or non utility and if it is a utility, the kind of public service that it renders.

109. OTHER INVESTMENTS.

Charge to this account the cost of land, structures, and equipment owned by the utility and not used in rendering public service of any kind.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the cost of each different kind of property charged to this account and the purpose for which it was acquired.

III. REACQUIRED SECURITIES ACCOUNTS.

110. REACQUIRED CAPITAL STOCK.

Charge to this account the par value of capital stock issued by the utility to bona fide holders for valuable considerations and reacquired by it under circumstances that do not permit it to treat such stock as paid or retired. Charge also to this account the par value of capital stock issued by others and assumed by the utility and later acquired by it under like circumstances.

If the capital stock chargeable hereto is acquired at a cost above its par value the utility shall charge the difference between its cost price and par value to "711. OTHER DEDUCTIONS FROM SURPLUS" account; if it is acquired at a cost below its par value it shall credit the difference to "702. OTHER ADDITIONS TO SURPLUS" account.

111. REACQUIRED BONDS.

Charge to this account the par value of bonds issued by the utility to bona fide holders for valuable considerations and reacquired by it under circumstances that do not permit it to treat such securities as paid or retired. Charge also to this account the par value of bonds issued by others and assumed by the utility and later acquired by it under like circumstances.

If the bonds chargeable hereto are acquired at a cost above their par value the utility shall charge the difference between their cost price and par value to "711. OTHER DEDUCTIONS FROM SURPLUS" account; if they are acquired at a cost below their par value it shall credit the difference to "702. OTHER ADDITIONS TO SURPLUS" account.

IV. FUND ACCOUNTS.

112. SINKING FUND ASSETS.

Charge to this account the amount of cash, the cost of securities of other companies, the par value of securities issued or assumed by the utility, and all other assets, which are in possession of the treasurer, trustee or other fiscal agent of the utility in charge of sinking funds

provided by the utility for the purpose of redeeming its funded debt issued subject to sinking fund requirements. Among the above assets shall be included amounts deposited with such treasurer or other agent of the utility on account of the sale of mortgaged property, the proceeds of which are required to be held for the redemption of such funded debt.

If securities issued by the utility, or those assumed by it, are purchased out of sinking funds at a cost above or below par value, the difference between the cost and the par value of such securities shall be charged to "711. OTHER DEDUCTIONS FROM SURPLUS" or credited to "702. OTHER ADDITIONS TO SURPLUS" account.

The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each sinking fund set aside for each class of funded debt.

113. INSURANCE AND OTHER RESERVE FUND ASSETS.

Charge to this account the amount of cash, the cost of securities of other companies, the par value of securities issued or assumed by the utility, and all other assets in possession of the treasurer, trustee, or other agent of the utility, which have been specifically set aside or invested by the utility for the purpose of providing for insurance, pension, workmen's compensation and other funds.

Exclude from this account special deposit and sinking fund assets.

If securities issued by the utility, or those assumed by it, are purchased out of the above funds at a cost above or below par value, the difference between the cost and par value of such securities shall be charged to "711. OTHER DEDUCTIONS FROM SURPLUS" account or credited to "702. OTHER ADDITIONS TO SURPLUS" account.

The records supporting the entries to this account shall be so kept that the utility can furnish full information as to each fund carried herein.

V. SPECIAL DEPOSIT ACCOUNTS.

114. INTEREST SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits specially deposited with fiscal, or other agents of the utility, for the payment of interest.

When such interest is paid from these deposits, credit to this account and charge to either "168. MATURED INTEREST ON FUNDED DEBT" or "169. MATURED INTEREST ON UNFUNDED DEBT" account the amount of it.

115. DIVIDEND SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits specially deposited with fiscal, or other agents of the utility, for the payment of dividends declared by the utility.

When such dividends are paid from these deposits credit to this account and charge to "170. DIVIDENDS PAYABLE" account the amount of them.

116. OTHER SPECIAL DEPOSITS.

Charge to this account all moneys and bank credits deposited with fiscal, or other agents of the utility, for special purposes other than the payment of interest and dividends.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount and purpose of each deposit.

When such purposes are satisfied credit to this account the amount set aside to provide such satisfaction.

VI. CURRENT ASSET ACCOUNTS.

117. Cash.

Charge to this account all money coming into the possession of the utility and in which the utility has the beneficial interest. Such money includes coin of the United States, United States treasury notes, gold and silver certificates, greenbacks, bank bills payable to bearer, all bank credits, checks and drafts receivable, subject to satisfaction or transfer upon demand whether payable to bearer or to order.

Credit to this account all cash disbursements of the utility.

118. Notes Receivable.

Charge to this account the cost of all negotiable paper in the form of notes receivable or other similar evidences of money receivable on demand or within a time not exceeding one year. Such notes receivable shall include demand notes, drafts, etc., issued by others than banks, and time notes, drafts, etc., by whomsoever issued.

Exclude from this account and charge to "106. Investment Securities" account, the cost of notes which do not mature until more than one year after the date of issue.

When loans to affiliated companies for construction purposes are evidenced by demand or short term notes intended later to be exchanged for other securities charge the amount of such loans to "108. Advances to Affiliated Companies for Construction, Equipment or Additions and Betterments" account.

119. Accounts Receivable from Consumers.

Charge to this account amounts due from consumers for water sold to them.

This account is a controlling account of the various accounts in the consumers' ledger.

The data supporting the sale of water to consumers shall be so kept that the utility can furnish information as to the amount due for sales of water to each class of consumers, the quantity of water sold during each accounting period to each consumer in each class, the rate charged him, and in case water is sold him at different rates, the quantity sold him at each rate.

When the amount due from any consumer proves to be uncollectible, credit it to this account and charge it either to "391. Uncollectible Consumers' Accounts" account, if it was charged to this account during the current year, or to "712. Uncollectible Consumers' Accounts—Old Year" account, if it was charged to this account prior to the current year. If the utility has provided a reserve for uncollectible accounts, charge it to "180. Uncollectible Consumers' Accounts Reserve" account.

Balance Sheet Accounts

120. Accounts Receivable from Affiliated Companies.

Charge to this account the amounts due the utility from affiliated companies, whether utilities or non utilities, on all current transactions other than sales of water.

Exclude from this account amounts due from affiliated companies that are chargeable to "108. Advances to Affiliated Companies for Construction Equipment, or Additions and Betterments" account.

121. Other Accounts Receivable.

Charge to this account all amounts owed to the utility upon accounts with solvent concerns or individuals, other than affiliated companies and consumers; and all accounts and claims, except notes receivable, upon which responsibility is acknowledged by solvent concerns or individuals, or which are sufficiently secured to be considered good; and amounts of all judgments against solvent concerns or individuals, where the judgments are not appealable or suspended through appeal.

Exclude from this account and charge to "117. Cash" or other appropriate account, cash deposited with banks or trust companies.

122. Matured Interest and Rents Receivable.

Charge, at the date of maturity, to this account and credit to "125. Unmatured Interest and Rents Receivable" account the amounts of interest matured upon bonds, notes receivable or other commercial paper held by or for the benefit of the utility and upon all interest bearing accounts due it; also the amounts of rents matured upon property leased by the utility to others.

When such interest or rent is received credit to this account and charge to "117. Cash" or other appropriate account the amount of it.

123. Materials and Supplies.

Charge to this account the cost, including transportation and other incidental expenditures, of all materials and supplies purchased which are carried in stock pending their use for construction, operation or resale. Exclude from this account such materials and supplies as are directly chargeable to fixed capital or operating expense accounts.

Inventories of materials and supplies on hand shall be taken at least annually, and any shortages or overages disclosed by such inventories shall be credited or debited to this account and debited or credited to "398. Inventory Adjustments" account, in case they cannot be assigned to specific accounts. Where such materials and supplies have been consumed in construction, a suitable proportion of such shortages or overages may be debited or credited to "269. Other Expenditures During Construction" account.

124. Other Current Assets.

Charge to this account the cost of all current assets of the utility which are not provided for in any of the preceding current asset accounts.

VII. ACCRUED ASSET ACCOUNTS.

125. Unmatured Interest and Rents Receivable.

Charge to this account and credit to the appropriate revenue accounts the amounts of interest accrued during each accounting period upon bonds, notes receivable or other commercial paper held by or for the benefit of the utility, and upon all interest bearing accounts due it; also the amounts of rents accrued during each accounting period upon property leased by the utility to others.

When such interest or rent matures credit to this account and charge to "122. Matured Interest and Rents Receivable" account the amount of it.

126. Unbilled Water Service.

Charge, at the end of each accounting period, to this account and credit to the appropriate revenue accounts the amount of revenue accrued for water furnished to consumers for which bills have not been rendered.

The keeping of this account is optional with the utility.

VIII. PREPAID ACCOUNTS.

127. Prepaid Insurance.

Charge to this account all premiums paid on insurance policies in advance of their accrual. As such premiums accrue credit to this account and charge to "396. Other Insurance" account the amount which has accrued.

128. Prepaid Interest.

Charge to this account all interest on the funded or unfunded debt of the utility paid in advance of its accrual. As such interest accrues credit to this account and charge to the appropriate accrued interest account the amount of it.

129. Prepaid Taxes.

Charge to this account all taxes paid in advance of their accrual. As such taxes accrue, credit to this account and charge to "175. Taxes Accrued" account the amount of them.

130. Other Prepaid Accounts.

Charge to this account all amounts paid by the utility in advance and not provided for in any of the preceding prepaid accounts.

IX. DEFERRED CHARGE ACCOUNTS.

131. Unamortized Debt Discount and Expense.

Charge to this account all discounts and necessary expenses incurred in the issue by the utility of bonds and other evidences of indebtedness which mature more than one year from the date of their issue.

By discount is meant the excess of the par value of such evidences of indebtedness, plus the interest accrued thereon at the time of their issue, over the actual cash value of the consideration received for them.

Necessary expenses incurred in the issue of such evidences of indebtedness shall include fees for drafting mortgages and trust deeds, fees and taxes for recording mortgages and trust deeds, fees to trustees provided in mortgages and trust deeds, fees to underwriters and brokers for marketing such evidences of indebtedness, and other expenses of like character; the cost of engraving and printing bonds, certificates of indebtedness, and other commercial paper.

Discount on bonds and other evidences of indebtedness issued by others, and later assumed by the utility, shall be included in this account.

At or before the close of each fiscal period, credit to this account and charge to "608. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE" account a proportion of such discount and expense based upon the life of such evidences of indebtedness to date of maturity. Such discount and expense may, if desired, be amortized more rapidly through charges of all or any part of it, either at the time of issue or later, to "711. OTHER DEDUCTIONS FROM SURPLUS" account.

132. PROPERTY ABANDONED.

Charge to this account the money cost, estimated if not known, less the salvage and the accumulated amount reserved for the depreciation thereof of any important piece of property, other than land, which the utility itself abandons for the purpose of replacing it with more efficient property; or which, on account of public necessity or the requirement of lawful authority it is compelled to abandon before such property has attained its normal life of service.

Before making any entries to this account the utility shall obtain the approval of The Public Service Commission.

The loss on abandoned property registered in this account, shall be amortized over a period of years by charges either to "403. EXTRAORDINARY DEPRECIATION" or "709. AMORTIZATION UNPROVIDED FOR ELSEWHERE" account as The Public Service Commission may direct.

133. EXTRAORDINARY CASUALTIES.

Charge to this account extraordinary losses, such as unforseen damages to property, that cannot by any reasonable plan be anticipated. Those casualties which occur with such frequency, that the principles of ordinary insurance are applicable thereto, shall be provided for either through an insurance reserve maintained by the utility itself, or by insurance with others.

Before making any entries to this account the utility shall obtain the approval of The Public Service Commission.

The extraordinary losses registered in this account, shall be amortized over a period of years by charges either to "403. EXTRAORDINARY DEPRECIATION" or to "709. AMORTIZATION UNPROVIDED FOR ELSEWHERE" account as The Public Service Commission may direct.

134. PRELIMINARY SURVEY AND INVESTIGATION CHARGES.

Charge to this account, until their final disposition is definitely determined, all expenditures for preliminary surveys, plans, investigations, etc., made for determining the feasibility of projects under contemplation.

If any such project is later completed, credit to this account and charge to the proper fixed capital account the amount expended for such preliminary work or investigations. If it is abandoned, charge such amount to "711. OTHER DEDUCTIONS FROM SURPLUS" account.

135. OTHER DEFERRED CHARGES.

Charge to this account all deferred charges not provided for elsewhere which are later to be charged to income or surplus account over a period of time.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to each deferred charge carried herein.

LIABILITY ACCOUNTS.

I. CORPORATE CAPITAL LIABILITY ACCOUNTS.

150. Capital Stock.

Credit to this account the par value of the certificates of each class of capital stock issued and outstanding.

Capital stock is issued when in conformance with Article XVI, Section 7, of the Constitution of the Commonwealth of Pennsylvania it is issued by a corporation to a bona fide holder "for money, labor done, or money or property actually received."

As long as it is in possession of a bona fide holder and is free from all control of the utility it is actually outstanding. It is nominally outstanding when after being issued it is reacquired by the utility and is held by it under conditions that do not permit it to retire such stock.

The records supporting the entries to this account shall be so kept that they will show separately the par value of those certificates of stock that are actually and nominally outstanding. In addition they will show each class of stock issued such as Common Stock, Preferred Stock, etc., with such sub-classification as is necessary because of differences in dividend rights, voting rights, and conditions of retirement.

When any class of capital stock is issued, the records supporting the entry to this account of such issue shall show complete details as to whom it is issued and the consideration, cash or otherwise, for which it is issued.

Exclude from this account and credit to "153. Premium on Capital Stock" account all premiums realized on capital stock.

151. Installments Paid on Capital Stock Subscriptions.

Credit to this account the amounts paid in installments to the utility by subscribers to its capital stock. When each subscriber has fully paid for his subscription and has received properly executed stock certificates from the utility in acknowledgment of the payment of his obligation, charge to this account and credit to "150. Capital Stock" account the par value of the stock issued to him.

152. Stock Liability for Conversion of Securities.

Credit to this account the par value of capital stock which the utility has agreed to exchange for the property of other utilities under terms which require the stockholders of such utilities to surrender the securities held by them and accept in return therefor stock of the utility.

When such securities have been surrendered, charge this account and credit "150. Capital Stock" account.

153. Premium on Capital Stock.

Credit to this account the amount realized in excess of the par value of each class of stock which is disposed of for a consideration, the cash value of which is greater than the par value. The amount thus realized shall constitute a capital stock liability and shall not be treated, either as a profit and loss or surplus item available for dividends. It shall remain in this account until the stock on which it was realized is retired

The records supporting the entries to this account shall be so kept that they will show the premium realized on each class of stock issued or assumed by the utility.

II. NON CORPORATE PROPRIETORSHIP ACCOUNTS.

154. SOLE PROPRIETORSHIP.

Credit to this account all contributions made to the utility by its proprietor and, at the end of each fiscal period, the net profit, if any, realized during such period. Charge to this account all withdrawals from the utility by its proprietor and, at the end of each fiscal period, the net loss, if any, suffered during such period.

155. PARTNERSHIP.

Credit to the account of each partner carried hereunder the contributions made to the utility by each partner and, at the end of each fiscal period, each partner's portion of the net profits, if any, realized during such period. Charge to each such account the withdrawals from the utility by each partner and, at the end of each fiscal period, each partner's portion of the net loss suffered during such period.

III. FUNDED DEBT ACCOUNTS.

156. BONDS.

Credit to this account the par value of bonds issued and outstanding which do not mature until more than one year after the date of their issue. Such bonds shall include those issued by the utility itself and those issued by others and later assumed by the utility.

Bonds are issued when in conformance with Article XVI, Section 7, of the Constitution of the Commonwealth of Pennsylvania they are issued to bona fide holders "for money, labor done, or money or property actually received."

As long as they are in possession of bona fide holders and are free from all control of the utility they are actually outstanding. They are nominally outstanding when after they have been issued they are reacquired by the utility and are held by it under conditions that do not permit it to retire them.

The records supporting the entries to this account shall be so kept that they will show separately the par value of those bonds that are actually and nominally outstanding at any accounting period. In addition they will show each class of bonds such as Mortgage Bonds, Collateral Trust Bonds, Income Bonds, etc., with such sub-classification as is necessary because of differences in underlying security, rate of interest, interest date, and date of maturity.

When any bonds are issued the records supporting the entries to this account of such issues shall show complete details as to when they are issued and the consideration cash or otherwise, for which they are issued.

Exclude from this account discounts and premiums on bonds. Charge discounts to "131. UNAMORTIZED DEBT DISCOUNT AND EXPENSE" account and credit premiums to "177. UNAMORTIZED PREMIUM ON DEBT" account.

Balance Sheet Accounts

157. Real Estate Mortgages.

Credit to this account the amount of any debt except that evidenced by bonds, which is secured by a real estate mortgage and which does not mature until more than one year after the date of the issue of such mortgage.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each party to whom a real estate mortgage is issued, the purpose for which it is issued, its amount, interest rate, interest dates, and date of maturity.

158. Advances from Affiliated Companies for Construction, Equipment, or Additions and Betterments.

Credit to this account the amounts of advances received by the utility from affiliated companies, whether utilities or non utilities, to enable it to pay for construction, equipment, or additions and betterments.

In order that such advances may be credited to this account, it must be understood that they are not to be repaid within one year, or that they are to be repaid in securities of the utility.

Exclude from this account and credit to "182. Surplus Invested in Fixed Capital After January 1, 1918" account, the amounts of advances that are received by the utility from affiliated companies without expectation of reimbursement.

Exclude also from this account and credit to "165. Accounts Payable to Affiliated Companies" account, the amounts of temporary advances on current accounts received by the utility from affiliated companies.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amounts of advances received from each affiliated company, the length of time for which each such advance is made, how it is to be repaid, whether or not each affiliated company from which an advance is received is a utility or non utility, and if it is a utility the kind of public service that it renders.

159. Other Funded Debt.

Credit to this account all debt for which the utility is liable, which does not mature until more than one year after the date it was incurred, except the debt that is carried in "156. Bonds" and "157. Real Estate Mortgages" accounts and also the debt due affiliated companies, which is carried in "158. Advances from Affiliated Companies for Construction, Equipment or Additions and Betterments" account. Such debt shall include all notes payable and receiver's certificates, etc., issued for more than one year, all permissible chattel mortgages and all other evidences of indebtedness not issued in series.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount and nature of each kind of debt carried herein, to whom it is owed, when it was incurred, and when it is payable.

IV. CURRENT LIABILITY ACCOUNTS.

160. Receiver's Certificates.

Credit to this account the par value of certificates of indebtedness issued upon the property of the utility which is in the possession of any receiver who is acting under the orders of a court of competent jurisdiction.

161. Judgments.

Credit to this account the amount of any judgment of indebtedness that is rendered by a court of competent jurisdiction against the utility, or any fine or penalty, requiring the payment of money, that is assessed by such court against the utility, and from which no appeal accompanied by stay of execution has been taken within the time allowed by the law for such appeal.

The entries to this account shall show the character of the action or suit, as a consequence of which such judgment is pronounced or penalty assessed, parties thereto, the court in which tried and the term thereof.

162. Workmen's Compensation.

Credit to this account and charge to "179. Injuries and Damages Reserve" account the full amount that the utility is required under the Workmen's Compensation Act to pay, over a period of time, to employees for injuries received by them in the service of the utility. When payments are made to employees for such injuries, charge to this account and credit to "117. Cash" or other appropriate account the amount paid.

This account shall be carried by those utilities only that have permission from the Workmen's Compensation Board to carry their own risks.

163. Notes Payable.

Credit to this account the par value of all notes, drafts, and other evidences of indebtedness issued or assumed by the utility, and payable either on demand or within a time not exceeding one year from the date of issue.

When loans from affiliated companies for construction purposes are evidenced by demand or short term notes intended later to be exchanged for other securities of the utility, exclude the amounts of such loans from this account and credit them to "158. Advances from Affiliated Companies for Construction, Equipment, or Additions and Betterments" account.

164. Consumers' Deposits.

Credit to this account, as such deposits are made, all cash deposited with the utility by consumers as security for the payment of water bills. Charge to this account and credit to "117. Cash" account the amount of each deposit refunded.

At the close of each fiscal period or earlier the utility may charge to this account and credit to the appropriate consumers accounts the deposits of those consumers whose accounts prove to be uncollectible.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the date and the amount of each deposit; the name and address of the consumer making the deposit; the date such deposit is refunded, and the amount of interest paid thereon.

Balance Sheet Accounts

165. Accounts Payable to Affiliated Companies.

Credit to this account the amounts owed by the utility to affiliated companies, whether utilities or non utilities, on current accounts.

Exclude from this account the amounts owed to affiliated companies that are applicable to "158. Advances from Affiliated Companies for Construction, Equipment, or Additions and Betterments" account.

166. Other Accounts Payable.

Credit to this account all amounts which the utility owes to miscellaneous creditors on current accounts not provided for elsewhere. Such amounts shall include salaries and wages, audited bills, vouchers, etc.

167. Matured Funded Debt.

Credit, at the date of maturity, to this account and charge to the appropriate account under funded debt the par value of bonds and like evidences of indebtedness and the face value of real estate mortgages and other items of funded debt which have matured.

168. Matured Interest on Funded Debt.

Credit, at the date of maturity, to this account and charge to "173. Unmatured Interest Accrued on Funded Debt" account the interest matured upon the funded indebtedness of the utility.

When the coupons or other evidences of the payment of such interest have been properly canceled and returned, charge to this account and credit to "114. Interest Special Deposits" or other appropriate account the amount of such interest.

169. Matured Interest on Unfunded Debt.

Credit, at the date of maturity, to this account and charge to "174. Unmatured Interest Accrued on Unfunded Debt" account the interest matured upon any unfunded debt of the utility.

When such interest is paid, charge to this account and credit to "117. Cash" or other appropriate account the amount of it.

170. Dividends Payable.

Credit, when declared, to this account and charge either to "652. Net Income Appropriated for Dividends" or to "705. Surplus Appropriated for Dividends" account the amounts of dividends declared on any issue of capital stock of the utility.

When such dividends are paid, charge to this account and credit to "115. Dividend Special Deposits" or other appropriate account the amount of them.

171. Service Billed in Advance.

Credit to this account and charge to "119. Accounts Receivable from Consumers" account the amounts of bills rendered for water which is to be supplied in future months.

At the end of each accounting period charge to this account and credit to the appropriate revenue account the amount of revenue applicable to each accounting period.

172. Other Current Liabilities.

Credit to this account the amounts of all current liabilities of the utility not provided for elsewhere.

V. ACCRUED LIABILITY ACCOUNTS.

173. Unmatured Interest Accrued on Funded Debt.

Credit to this account and charge to "603. Interest Accrued on Funded Debt" account the amount of interest accrued during each accounting period upon the funded indebtedness of the utility.

When such interest matures, charge to this account and credit to "168. Matured Interest on Funded Debt" account the amount of it.

When bonds or other securities are retired between interest paying dates, charge to this account the amount of the interest accrued thereon to the date of retirement.

174. Unmatured Interest Accrued on Unfunded Debt.

Credit to this account and charge to "604. Interest Accrued on Unfunded Debt" account the amount of interest accrued during each accounting period upon the unfunded indebtedness of the utility.

When such interest matures, charge to this account and credit to "169. Matured Interest on Unfunded Debt" account the amount of it.

175. Taxes Accrued.

Credit to this account and charge to "390. Taxes" and "557. Non Operating Taxes" accounts the amount of taxes accrued during each accounting period on the operating and non operating properties of the utility. These credits shall be based upon estimates until the amounts of taxes levied for the year are definitely ascertained. Any difference between these and the estimated amounts shall be adjusted through "390. Taxes" and "557. Non Operating Taxes" accounts if such differences are ascertained during the current year, otherwise through either "702. Other Additions to Surplus" or "711. Other Deductions from Surplus" account.

When taxes are paid charge the amounts of such payments to this account.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the different kinds of taxes involved herein.

176. Other Accrued Liabilities.

Credit to this account the amounts of all other liabilties that accrue during each accounting period and that are not provided for elsewhere.

The records supporting the entries to this account shall be so kept that the utility can furnish full information as to the different accruals involved herein.

VI. DEFERRED CREDIT ACCOUNTS.

177. Unamortized Premium on Debt.

Credit to this account all premiums received by the utility from the issue of bonds and other evidences of indebtedness which do not mature until more than one year after the date of their issue.

By premium is meant the excess of the actual cash value of the consideration received for such bonds and other evidences of indebtedness over the sum of the par value thereof and the interest accrued thereon at the time of their issue.

Premiums on bonds and other evidences of indebtedness issued by others, and later assumed by the utility, shall be included in this account.

At or before the close of each fiscal period charge to this account and credit to "611. Amortization of Premium on Debt" account a portion of the premium applicable to each period based upon the life of such bonds or other evidences of indebtedness to the date of maturity. At its option, the utility may delay making any charges to this account until the date of maturity of such debt or, if it is retired before maturity, until the date of retirement. In either case the utility shall charge to this account the entire amount of the premium received and shall credit to "611. Amortization of Premium on Debt" account that portion of the premium which is applicable to the current year and to "702. Other Additions to Surplus" account the balance of such premium.

VII. OPERATING RESERVE ACCOUNTS.

178. Insurance Reserve.

Credit to this account and charge to "396. Other Insurance" account the amounts reserved by the utility to provide for losses to its property not insured by others.

When any property thus insured is destroyed credit the account in which it is carried with the original money cost of it. If it is an item of fixed capital charge "102. Depreciation of Structures and Equipment Reserve" account with the amount of depreciation accrued on it; charge the appropriate sub-account of "123. Materials and Supplies" account with the value of the salvage recovered; charge this account with the amount reserved for the insurance of such property; and charge any excess of the original money cost of such fixed capital over the sum of the above charges either to "709. Amortization Unprovided for Elsewhere" account or, with the approval of The Public Service Commission, to "133. Extraordinary Casualties" account. If the property destroyed is materials and supplies charge the original money cost of it less salvage to this account and charge to the appropriate sub-account under "123. Materials and Supplies" account the value of the salvage recovered.

If any property insured herein is damaged and is repairable, charge the cost of repairing it to this account.

The utility shall file with The Public Service Commission information as to the basis upon which credits to this account are made. It shall so keep the records supporting the entries to this account that it can furnish full information as to the nature and amount of each charge to this account.

The utility is restricted in its use of the amount reserved herein to the recovery of insurance losses. Moreover it shall not divert any portion of the amount reserved to surplus or make any other use thereof until it has been authorized to do so by The Public Service Commission.

The keeping of this account is optional with the utility.

179. INJURIES AND DAMAGES RESERVE.

Credit to this account and charge to "395. INJURIES AND DAMAGES" account the amounts reserved by the utility to provide for injuries to employees and others and for damages to property not owned by it.

When liability for any injury or damage is admitted by the utility, either voluntarily or because of a decision of a court or other lawful authority such as the Workmen's Compensation Board, charge to this account and credit to "117. CASH" or other appropriate account the amount awarded if a cash settlement is made. If such liability is to be discharged over a period of time, credit the amount of it to "162. WORKMEN'S COMPENSATION" account, in case of injuries to employees, or to "166. OTHER ACCOUNTS PAYABLE" account, in case of other injuries or damages.

The utility shall file with The Public Service Commission information as to the basis upon which credits to this account are made. It shall so keep the records supporting the entries to this account that it can furnish full information as to the nature and amount of each charge to this account.

The utility is restricted in its use of the amount reserved herein to the payment of all expenses caused by injuries to persons and damages to property. Moreover it shall not divert any portion of the amount reserved to surplus or make any other use thereof until it has been authorized to do so by The Public Service Commission.

The keeping of this account is optional with the utility.

180. UNCOLLECTIBLE CONSUMERS' ACCOUNTS RESERVE.

Credit to this account and charge to "391. UNCOLLECTIBLE CONSUMERS' ACCOUNTS" account the amounts reserved by the utility to provide for all accounts due from consumers which prove uncollectible because of the removal of the consumers beyond the jurisdiction of the State, the operation of the statute of limitations, discharge in bankruptcy, or for any other good and sufficient reason.

When any such account becomes uncollectible, charge to this account and credit to the appropriate sub-account under "119. ACCOUNTS RECEIVABLE FROM CONSUMERS" account the amount of it.

The utility shall file with The Public Service Commission information as to the basis upon which credits to this account are made. It shall so keep the records supporting the entries to this account that it can furnish full information as to the name of each debtor whose debt is charged to this account the date the debt was incurred and when it was charged to this account.

The utility is restricted in its use of the amount reserved herein to the application of it to its consumers accounts that are considered uncollectible. Moreover it shall not divert any portion of the amount reserved to surplus or make any other use thereof until it has been authorized to do so by The Public Service Commission.

The keeping of this account is optional with the utility.

181. OTHER OPERATING RESERVES.

Credit to this account and charge to the appropriate operating expense account all amounts reserved by the utility that are properly chargeable to its operating expenses and which are not provided for in any of the preceding reserve accounts.

The utility shall file with The Public Service Commission information as to the nature and purpose of each reserve carried herein and as to the basis upon which the credits to this account are made. It shall so keep the records supporting the entries to this account that it can furnish full information as to the nature and amount of each charge to this account.

The utility is restricted in its use of the amount reserved herein to the specific purpose for which it has provided each reserve. Moreover it shall not divert any portion of the amount reserved to surplus or make any other use thereof until it has been authorized to do so by The Public Service Commission.

The keeping of this account is optional with the utility.

VIII. APPROPRIATED SURPLUS ACCOUNTS.

182. SURPLUS INVESTED IN FIXED CAPITAL AFTER JANUARY 1 1918.

Credit to this account and charge to either "653. NET INCOME APPROPRIATED FOR INVESTMENT IN FIXED CAPITAL" or "706. SURPLUS APPROPRIATED FOR INVESTMENT IN FIXED CAPITAL" account those amounts that are definitely set aside from income or surplus after January 1, 1918, and actually expended for the acquisition of land and completed structures and equipment, or for the construction of new structures and the purchase of new equipment or for additions to land, or for additions and betterments to structures and equipment. Credit also to this account the amounts set aside from either income or surplus to discharge the principal of any obligations which are outstanding on such land, structures, and equipment at the time that they are acquired.

When any gift in aid of construction is made to the utility by an affiliated company or by others, credit the amount of it to this account.

Exclude from this account temporary appropriations for the acquisition of property which is later to be paid for by the issue of securities, and appropriations for payments of obligations which are to be replaced by the issue of other securities.

The records supporting the entries to this account shall be so kept that the utility can furnish complete information as to the specific items of fixed capital acquired or constructed through appropriations from income or surplus; the particular fixed capital accounts to which such items are charged; and the actual money cost of them.

183. FUNDED DEBT RETIRED THROUGH SURPLUS.

Credit at the date of retirement to this account and charge to "184. SURPLUS RESERVED FOR SINKING FUNDS" account the amounts set aside from the income or surplus of the utility and expended by it in the discharge of the principal of any funded debt issued or assumed by the utility.

BALANCE SHEET ACCOUNTS

184. SURPLUS RESERVED FOR SINKING FUNDS.

Credit to this account and charge either to "650. NET INCOME APPROPRIATED FOR SINKING FUNDS" or "703. SURPLUS APPROPRIATED FOR SINKING FUNDS" account those amounts that are definitely set aside from income or surplus and invested or placed in the care of trustees or other fiscal agents of the utility for the purpose of providing funds for the redemption of funded debt obligations that have been issued subject to sinking fund requirements.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount reserved for the sinking fund provided for each class of funded debt and the basis upon which credits to each such fund are made.

185. OTHER SURPLUS RESERVES.

Credit to this account and charge to either "651. NET INCOME APPROPRIATED FOR OTHER RESERVE FUNDS" or "704. SURPLUS APPROPRIATED FOR OTHER RESERVE FUNDS" account those amounts that are set aside from the income or surplus of the utility and held in reserve for purposes not provided for elsewhere.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount and purpose of each reserve carried herein.

IX. UNAPPROPRIATED SURPLUS ACCOUNT.

186. CORPORATE SURPLUS UNAPPROPRIATED.

At the close of each fiscal period the utility, if corporate in form, shall transfer to this account from "625. PROFIT AND LOSS—CURRENT YEAR" account the net income or loss or the unappropriated portion of the net income for that period. It shall also transfer hereto the balances of all those accounts listed under "Surplus Debit and Credit Accounts". The result obtained by assembling in this account all of the credit and debit balances thus transferred is the unappropriated surplus or the deficit of the utility.

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INSTALLED SINCE DECEMBER 31, 1917,

PRESCRIBED FOR ALL WATER UTILITIES.

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FIXED CAPITAL ACCOUNTS

INSTALLED SINCE DECEMBER 31, 1917.

Definitions and Instructions.

Fixed Capital.

The fixed capital of the utility, as herein used, means its property tangible and intangible, which is used in the collection and sale of water and which has an expectation of life in service of more than one year.

The fixed capital accounts described in this section are those which provide for all items of fixed capital installed by the utility after December 31, 1917. They are therefore the sub-accounts of balance sheet account "101. Fixed Capital Installed Since December 31, 1917."

Fixed capital consists of original capital, additions, betterments and replacements.

Original capital is the fixed capital installed or acquired by the utility prior to the beginning of its regular operations. The utility shall charge the cost of every item of original capital installed on or after January 1, 1918, to the appropriate sub-account of "101. Fixed Capital Installed Since December 31, 1917" account.

Additions are land, structures and equipment added to those in service at the beginning of operations, and not taking the place of any property of like purpose previously held by the utility. The cost of additions shall be charged to the appropriate sub-accounts of "101. Fixed Capital Installed Since December 31, 1917" account.

Betterments are physical changes in structures or equipment, the object of which is to make the structures or equipment affected more useful or of greater capacity than they were at the time of their original installation or acquisition. The utility shall charge as a betterment to the appropriate sub-account of "101. Fixed Capital Installed Since December 31, 1917," account that portion of the cost of the change, as will, when added to the original cost of the structures or equipment bettered, give the cost of the structures or equipment in their bettered condition.

Replacements are those installations of fixed capital in which one structure or unit of equipment is substituted for another which has become exhausted or inadequate in service, the substitute having substantially no greater capacity than the property replaced; also the extensions of life period of franchises, patents, and other intangible fixed capital.

In every replacement the cost of fixed capital retired shall be credited to the fixed capital accounts in which it is carried and the cost of the fixed capital installed in place of fixed capital so retired shall be charged to the appropriate sub-accounts of "101. Fixed Capital Installed Since December 31, 1917" account.

Required Data in Fixed Capital Charges.

Every charge made to any fixed capital account on and after January 1, 1918, shall show whether the item charged is original capital, an addition, a betterment, or a replacement. If the item is an addition, or a betterment, or a replacement, the entry shall designate the thing enlarged, improved or replaced and shall cite the name and page of the book or other record in which the entry of the original cost of such thing appears. If it was acquired prior

to January 1, 1918, and the original cost of it is not known the utility shall make an estimate thereof and shall state this fact in the entry that concerns the addition, betterment or replacement, and shall show therein the basis of such estimate.

LAND.

Land includes tangible land owned by the utility itself and any acquired terminable rights or interest in land owned by others, such as leaseholds, water power rights, rights of way, and other like intangible land items.

In this classification tangible and intangible land shall be recorded separately.

Land shall not include any buildings or other structures. If the purchase of land includes buildings and other structures thereon, such buildings and other structures shall be appraised at their structural values, as explained in "104. COST OF FIXED CAPITAL PURCHASED" account, and charged to the appropriate structures account.

In order that any item of land may be classed as land used and useful in the public service, it must have an expectation of life in such service of more than one year from the date of its acquisition by the utility.

COST OF LAND.

The cost of land includes, in addition to the purchase price, all other costs necessary to such purchase and borne by the utility, such as the cost of surveys, examination and registration of title, conveyancer's and notary's fees, purchasing agent's commission and fees, or, in case such agent is a regular employee of the utility, a proper proportion of his salary and expenses, taxes accrued to the date of the transfer of title, liens upon titles, other like expenses necessary to secure title to or interest in land, and all expenditures not made in connection with the construction of structures, for clearing, grading and otherwise putting such land in readiness for use in the public service.

STRUCTURES.

Structures include all buildings, other structures, and improvements on land of a permanent character; and all fixtures permanently attached thereto and made part thereof, which cannot be removed therefrom without cutting into the walls, ceilings or floors, or without in some way impairing the structures. Such fixtures include water, steam, and gas pipes; electric wiring; elevators, and engines and motors specially provided for operating them; furnaces, boilers, and other apparatus specially provided for producing steam for such engines and for heating structures; electric generators specially provided for producing current for lighting structures. In addition structures include brick and concrete smokestacks, permanent foundations and settings for machinery and apparatus, fences, walks, trestles, drives, grading and other improvements on grounds used in connection with structures, and excavations, trenchings and refillings done in the construction of structures.

Specially provided foundations, which are not expected to outlast the machinery or other equipment mounted thereon, shall be classed as equipment.

If the purchase of structures includes any equipment, such equipment shall be appraised at structural values, as explained in "104. COST OF FIXED CAPITAL PURCHASED" account, and charged at such values to the appropriate equipment account.

In order that any structure may be classed as a structure used and useful in the public service, it must have an expectation of life in such service of more than one year from the date of its construction or acquisition by the utility.

COST OF STRUCTURES.

If structures are constructed by the utility itself, the cost of such structures consists of the actual money cost of labor employed, materials and supplies consumed, and expenses incurred by the utility in constructing them.

If the utility purchases going or completed structures from others, the cost of such structures consists of that portion of the purchase price which represents the actual cost of constructing such structures plus all necessary expenses incurred by the utility in effecting the purchase of and securing title to them. If the actual construction cost cannot be determined from the records of the vendor, the utility shall appraise such structures at their structural cost that is at the cost of replacement or reproduction less existing deterioration due to wear and tear, obsolescence and inadequacy. If the purchase price exceeds this actual or structural cost, the utility shall charge the amount of the excess to "203. OTHER INTANGIBLE CAPITAL" account.

If the utility's structures are constructed for it by a company affiliated with it, the cost of such structures consists of the actual cost of labor employed, materials and supplies consumed, and expenses incurred by the affiliated company in constructing these structures. If the price paid to its affiliated company exceeds this cost, the utility shall charge the amount of the excess to "203. OTHER INTANGIBLE CAPITAL" account.

EQUIPMENT.

Equipment includes all tangible fixed property, other than land and structures as herein defined, which is either attached to such land or structures by its own weight or other means, or is otherwise used in connection with such land or structures and can be readily removed therefrom without thereby losing its unity and fitness to perform the particular service, or service of like character, for which it was acquired by the utility; or without destroying or in any way impairing the integrity of the structures with which it is connected or without otherwise rendering such land or structures unfit to perform their special utility functions. Include also in equipment specially provided foundations which are not expected to outlast the machinery or other equipment mounted thereon.

In order that any item of equipment may be classed as equipment used and useful in the public service, it must have an expectation of life in service of more than one year from the date of its acquisition by the utility.

Exclude from equipment accounts hand and other portable tools which are liable to be lost or stolen.

COST OF EQUIPMENT.

The cost of equipment includes in addition to the actual money purchase price thereof, investigation and inspection expenses necessary to such purchase; expenses of transportation when borne by the utility; all labor employed, materials and supplies consumed, and expenses incurred by the utility in unloading and placing such equipment in readiness to operate; and like expenses incurred in excavating, trenching, refilling, repaving, and otherwise restoring to its original condition land in which equipment is located.

TEXT EXPLANATORY OF FIXED CAPITAL ACCOUNTS.

I. UNDISTRIBUTED INTANGIBLE FIXED CAPITAL ACCOUNTS.

Charge to the appropriate accounts listed under this caption the cost of those items of intangible fixed capital, used and useful in the public service, that do not pertain especially to any one specific division of fixed capital.

200. ORGANIZATION.

Charge to this account fees paid to governments for the privilege of incorporation and all other expenditures incident to the organization of the corporation, or other form of utility, and putting it in readiness to do business.

In the charges to this account include counsel fees; fees paid to promoters, either in cash or in securities at the cash value of such securities at the time of the organization of the utility, for their services in organizing the utility; the cost of preparing and distributing prospectuses, soliciting subscriptions for stock, preparing and issuing certificates of stock, procuring the required approval of The Public Service Commission; preparing and filing certificates of authorization of increase in capital stock and issuing stock thus authorized, filing and preparing certificates of amendment to articles of incorporation; any other necessary expense incurred in the organization of the utility.

Exclude from this account discount on bonds and other evidences of indebtedness, and expenses incurred in negotiating loans and selling bonds or other evidences of indebtedness.

201. FRANCHISES.

Charge to this account the actual amount paid to the State, or any political subdivision thereof, for the grant to the utility of any franchise or right that is necessary for the utility in the conduct of its water operations. If such franchise is acquired by assignment, the charge to this account must not exceed the amount actually paid therefor by the utility to the assignor, nor shall it exceed the amount paid to the State, or any political subdivision thereof, for such franchise. Charge any excess of the amount paid by the utility to the assignor over the amount originally paid by such assignor to the State, or any political subdivision thereof, to "203. OTHER INTANGIBLE CAPITAL" account.

Exclude from this account annual or more frequent payments to any government for any franchise and charge them to "175. TAXES ACCRUED" account or to the appropriate operating expense accounts. Exclude also from this account the amount paid for any franchise that has a life of not more than one year after the date when it is placed in service or in effect and charge it to the appropriate operating expense account or to "130. OTHER PREPAID ACCOUNTS" account if paid in advance.

202. PATENT RIGHTS AND LICENSES.

Charge to this account the cost of all rights and licenses, which have a life of more than one year from the date when placed in service, acquired by the utility in or under valid patents granted by the United

States to inventors for inventions and discoveries which are necessary or valuable to the economical conduct of the water operations of the utility.

203. Other Intangible Capital.

Charge to this account the cost of all other intangible property not provided for elsewhere.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the kind of each item of intangible capital charged to this account, the principal from whom it was acquired and the agents who represented him; also the term of the life of each item, or if it is not known an estimate thereof and the facts upon which such estimate was based.

II. WATER COLLECTION SYSTEM PROPERTY ACCOUNTS.

Charge to the appropriate accounts listed under this caption the cost of land, structures, and equipment, as each of these items of property is defined in "Fixed Capital Definitions and Instructions" of this classification, used and useful in the public service for the collection of water from the various sources of supply and the conveyance of it to the point where the next functional operation of the water system, such as pumping, purification or distribution, begins.

The records supporting the entries to each of the following accounts shall be so kept that the utility can furnish information as to the separate cost of land, structures and equipment owned by it.

204. Leaseholds.

Charge to this account the first cost to the utility of acquiring leaseholds of land, structures, or equipment used by the utility in its water collection system.

Exclude from this account the cost of leaseholds which terminate in one year or less after they become effective. Exclude also rents paid periodically for rights obtained under leases.

In this classification this account is classed as intangible fixed capital and as such should be amortized during the lives of the leaseholds.

205. Rights of Way.

Charge to this account the cost of all interests in land not owned by the utility which do not terminate until more than one year after they become effective and which are acquired for the purpose of locating on such land the aqueducts, supply mains and other collecting conduits of its water collection system.

In this classification this account is classed as intangible fixed capital and if the rights charged hereto are limited in life should be amortized during the lives of the rights.

206. Water Diversion Rights.

Charge to this account the first cost to the utility of acquiring from riparian land owners the right to divert for water supply purposes the waters from any stream subject to the rights of riparian owners or to

draw water from the ground sources of supply owned by other land owners. Charge also all necessary expenses incurred in abating, modifying, and entirely removing the causes of pollution of the waters in such streams and ground sources.

Exclude from this account the cost of water diversion rights that terminate in one year or less after they become effective; rents paid periodically for water diversion rights; and the cost of water power rights.

In this classification this account is classed as intangible fixed capital and as such should be amortized during the lives of the water diversion rights.

207. WATER SUPPLY RESERVATIONS.

Charge, as land, to this account the cost of tangible land acquired by the utility for the purpose of reserving for itself the water supply sources contiguous thereto; and separately, as structures and equipment, the cost of such structures and equipment as may be erected on and used in connection with such land.

208. IMPOUNDING RESERVOIRS.

Charge as land, to this account the cost of tangible land used in impounding water from small streams; as structures, the cost of constructing dams and embankments on such land across such streams, and any form of excavated reservoir used in connection with such land and stream for the purpose of impounding the flow thereof, waste weirs, gate houses, gate and screen chambers, culverts, and tunnels connected therewith; as equipment, the cost of outlet pipes, valves, sluice gates, screens, waste pipes, drain pipes, and all hand and other mechanism for operating valves, gates, screens, etc.

209. LAKE AND RIVER INTAKE CRIBS.

Charge, as land, to this account the cost of tangible land used in connection with cribs constructed in lakes and rivers for the purpose of collecting water therefrom; as structures, the cost of constructing cribs whether filter, ordinary submerged, or exposed cribs; as equipment, the cost of all valves, screens, gratings, sluice gates, aud appurtenant mechanism for operating them, and all other removable machinery used in connection with such cribs.

210. SPRINGS AND WELLS.

Charge, as land, to this account the cost of tangible land on which are located ground water sources of supply such as springs and wells; as structures the cost of constructing thereon basins, vaults, collecting chambers, open wells, tubular wells, artesian wells and like structures for collecting water from such land; as equipment the cost of all gates, valves, waste, overflow, and other pipes, and all other apparatus used in connection with such structures.

Exclude from this account equipment used in pumping water from springs and wells.

211. Infiltration Galleries.

Charge, as land, to this account the cost of tangible land used in collecting water by means of infiltration galleries; as structures, the cost of constructing open ditches, closed conduits or tunnels of various kinds and other forms of galleries; as equipment, the cost of all gates, valves and all machinery and apparatus used in connection with such apparatus.

212. Collecting Reservoirs and Intake Wells.

Charge, as land, to this account the cost of land on which is constructed any reservoir, intake or wet well for the purpose of holding a supply of water in readiness for purification or pumping; as structures, the cost of constructing such reservoir, intake or wet well and any gate, valve, and screen chamber or other buildings appurtenant thereto; as equipment, the cost of valves, gates, inlet, outlet drain and flush pipes, and all other apparatus used in connection with such structures.

213. Gravity Intake Conduits and Suction Mains.

Charge, as land, to this account the cost of tangible land used in connection with gravity intake conduits and suction mains from lake, river, spring, and well sources of supply; as structures, the cost of constructing conduits, either pipe or tunnel, for conveying water, either by gravity or suction, from intake cribs and from springs and wells to the intake wet, or pump wells, or some other form of reservoir where the water is temporarily stored to await purification or pumping, as equipment, the cost of gates, valves and other apparatus used in connection with such conduits, pipes or tunnels.

214. Aqueducts and Supply Mains.

Charge, as land, to this account the cost of tangible land used in connection with the conveyance, by means of aqueducts and supply mains, of water from the source of supply to either the purification or pumping plant, or, in a strictly gravity system to the point of distribution; as structures, the cost of constructing such aqueducts and supply mains, and any trestles, bridges, culverts, tunnels, waste weirs, overflow weirs, gate valves and screen chambers appurtenant to such aqueducts and supply mains; as equipment, the cost of gates, valves, screens and other apparatus necessary to the operation of such structures.

215. Other Collecting Conduits.

Charge, as land, to this account the cost of tangible land used in the collection of water from the various sources of supply by means of all other collecting conduits and in the conveyance of it either to the purification or pumping plant, or, in a strictly gravity system to the point of distribution; as structures, the cost of constructing open canals and channels with their appurtenant embankments, flumes, tunnels, and any trestles, bridges culverts, dams, waste weirs, overflow weirs, etc., which are necessary to such conduits; as equipment, the cost of sluice gates, valves, screens, and all other apparatus necessary to the operation of such structures.

III. PURIFICATION SYSTEM PROPERTY ACCOUNTS.

Charge to the appropriate accounts listed under this caption the cost of land, structures and equipment as each of these items of property is defined in "Fixed Capital Definitions and Instructions" of this classification used and useful in the public service for the purification of water and the conveyance of it to the point where the next functional operation of the water system, such as pumping or distribution, begins.

If the purification plant is so constructed that more than one of the following units of purification property occupies the same piece of land or is housed by the same building and if it is not possible for the utility to allocate equitably the cost of such land or building to the property accounts concerned the utility may with the permission of The Public Service Commission charge the cost of such land to a separate land account and the cost of such building to a separate structures account both of which shall be designated by The Public Service Commission and shall be carried under "Purification System Property Accounts."

The records supporting the entries to each of the following accounts shall be so kept that the utility can furnish information as to the separate cost of land, structures and equipment owned by it.

216. Leaseholds.

Charge to this account the first cost to the utility of acquiring leaseholds of land, structures, or equipment used by the utility in its water purification system.

Exclude from this account the cost of leaseholds which terminate in one year or less after they become effective. Exclude also rents paid periodically for rights obtained under leases.

In this classification this account is classed as intangible fixed capital and as such should be amortized during the lives of the leaseholds.

217. Sedimentation Basins.

Charge, as land, to this account the cost of tangible land on which are located basins used for the sedimentation of water by ordinary subsidence; as structures, the cost of constructing sedimentation basins and their appurtenant baffles and weirs, concrete conduits permanently attached to them, and all buildings used in connection with ordinary sedimentation; as equipment, the cost of inlet, outlet, overflow, flush, and drain pipes, valves, sluice gates, and all other appliances used in connection with sedimentation basins.

The sedimentation basins, which this account is to provide for, are those in which sedimentation is accomplished principally by the ordinary action of subsidence and without the aid of any chemicals except when the water is exceptionally turbid.

218. Coagulating Basins.

Charge, as land, to this account the cost of tangible land on which are located settling basins used for the sedimentation of water with the aid of coagulants; as structures, the cost of constructing coagulating basins with their appurtenant baffles and weirs, valve houses, concrete conduits permanently attached to coagulating basins, and all other buildings used in connection with such sedimentation of water; as equipment, the cost

of tanks for mixing and storing coagulants, agitating devices, pumps, pump and gravity apparatus for conveying the coagulating solutious from the mixing or storing tanks to the orifice boxes or dosing tanks, orifice boxes and dosing tanks, hand wheels and indicators for regulating the flow of the coagulating solution from such boxes or tanks, pipes and other feeder apparatus for conveying the coagulating solution from the orifice boxes or dosing tanks to the coagulating basins, valves, sluice gates, venturi and other meters, pipes and other apparatus for conveying the water from the coagulating basins to the filters, clear water basins, pumping or distributing system flush and drain pipes, and all other appliances used in connection with coagulating basins.

219. Filters.

Charge, as land, to this account the cost of tangible land on which are located structures and equipment used for the filtration of water; as structures the cost of constructing filters, filter houses, pipe galleries, and all buildings appurtenant to such filters; as equipment, the cost of inlet, outlet, overflow, air, wash water, and drain pipes, pipes for conveying water from the filters to the clear water basins, strainers, under drains and collecting pipes, agitating devices, apparatus for regulating rate of filtration, washing apparatus, gauges, valves, and all other appliances used in connection with filters.

220. Clear Water Basins.

Charge, as land, to this account the cost of tangible lands on which are located structures for holding water which has been purified but which has not been delivered to the pumping or distribution system; as structures, the cost of constructing clear water basins or wells; as equipment, the cost of outlet, overflow, flush, and drain pipes, valves, sluice gates, and all other appliances used in connection with clear water basins.

221. Softening and Iron Removing Plant.

Charge, as land, to this account the cost of tangible land on which are located structures and equipment used for softening water and removing iron therefrom; as structures, the cost of constructing settling basins and structures of like character, their appurtenant baffles and weirs, concrete conduits permanently attached to such basins, and all buildings used in the process of softening water and removing iron from it; as equipment, the cost of mixing tanks, pumps, pump or gravity feed apparatus, regulating devices, pipes for conveying the water from the softening and iron removing basins to either the pumping or distribution system, inlet, outlet, overflow, flush, and drain pipes, valves, sluice gates, gauges, and all other appliances used in connection with the softening of water and the removal of iron from it.

222. Ozone Sterilizing and Aeration Plant.

Charge, as land, to this account the cost of tangible land on which are located structures and equipment used for the treatment of water by means of ozone or aeration; as structures, the cost of constructing towers, concrete fountains, channels, settling basins and structures of like character, dams, and all buildings used in the process of purifying water

by means of ozone or aeration; as equipment, the cost of all pipes, including those used for conveying water from the ozone sterilizing and aeration structures to either the pumping or distribution system, valves, sluice gates, gauges, specially provided pumps, and all other appliances used in connection with the treatment of water by ozone or aeration.

223. CHEMICAL TREATMENT PLANT.

Charge, as land, to this account the cost of all land on which are located structures and equipment used for the disinfection of water by means of chemical treatment; as structures the cost of constructing settling basins and structures of like character and all buildings used in such chemical treatment of water; as equipment the cost of mixing tanks, pumps, pump or gravity feed apparatus, regulating devices, pipes for conveying water from the chemical treatment basins to either the pumping or distribution system inlet, outlet, overflow, flush, and drain pipes, valves, sluice gates, gauges, and all other appliances used in connection with the treatment of water by disinfectant chemicals.

224. LABORATORY PROPERTIES.

Charge, as land, to this account the cost of tangible land on which are located structures and equipment used for chemical and bacteriological laboratory purposes; as structures the cost of constructing buildings used for such purposes; as equipment the cost of hoods, baths, stills, sterilizers, gas stoves, autoclaves tables, shelves, cases, sinks, incubators, refrigerators, thermostats, microscopical and all other apparatus used in the chemical or bacteriological laboratory.

IV. PUMPING SYSTEM PROPERTY ACCOUNTS.

Charge to the appropriate accounts listed under this caption, the cost of land, structures, and equipment, as each of these items of property is defined in "Fixed Capital Definitions and Instructions" of this classification used and useful in the public service for pumping water either from the source of supply to the purification or distribution system, or from the purification system to the storage reservoirs of the distribution system, or from such storage reservoirs to other storage or equalizing reservoirs, tanks, and standpipes in the distribution system, or directly to consumers without temporary storage of any kind.

Exclude from this account any pumping property used to feed chemicals into water during the process of purification.

A. HYDRAULIC POWER PUMPING PROPERTY ACCOUNTS.

225. LAND.

Charge to this account the cost of land owned by the utility on which are located structures and equipment used in pumping water by hydraulic power.

226. LEASEHOLDS.

Charge to this account the first cost to the utility of acquiring leaseholds of land, structures, or equipment used by the utility in pumping water by hydraulic power.

Exclude from this account the cost of leaseholds which terminate in one year or less after they become effective. Exclude also rents paid periodically for rights obtained under leases.

In this classification this account is classed as intangible fixed capital and as such should be amortized during the lives of the leaseholds.

227. Water Power Rights.

Charge to this account the first cost to the utility of acquiring from riparian land owners and other land owners the right to divert for hydraulic power pumping purposes the water from streams or from land owned by such riparian or other land owners.

Exclude from this account the cost of water power rights that terminate in one year or less after they become effective; rents paid periodically for water power rights; and the cost of water diversion rights for supply purposes.

In this classification this account is classed as intangible fixed capital and as such should be amortized during the lives of the water power rights.

228. Rights of Way.

Charge to this account the cost of all interests in land not owned by the utility which do not terminate until more than one year after they become effective and which are acquired for the purpose of locating on such land the canals, flumes, pipe lines, and other conduits used by the utility in developing hydraulic power for pumping purposes.

In this classification this account is classed as intangible fixed capital and if the rights charged hereto are limited in life should be amortized during the lives of the rights.

229. Hydraulic Power Development Structures.

Charge to this account the cost of constructing structures owned by the utility and used exclusively by it in developing hydraulic power for pumping purposes.

In the charges to this account include the cost of such structures as dams, reservoirs, canals, aqueducts, pipe lines and other forms of water conduits, wasteways, sluices, forebays, grids, walls, fences, etc., for protecting reservoirs and water conduits, and all trestles, viaducts, and bridges appurtenant to such reservoirs and water conduits. Include also the cost of the wasteways from the outlet of the draft tube of the turbine to the point of final discharge, and the cost of gates, valves, and like accessories of such dams, reservoirs and water conduits.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the separate cost of dams, reservoirs, and water conduits.

230. Pumping Station Structures.

Charge to this account the cost of constructing all structures, except those provided for in "229. Hydraulic Power Development Structures" account, owned by the utility and used by it in pumping water by hydraulic power.

In the charges to this account include the cost of buildings used for hydraulic equipment, turbines and water wheels, other buildings and all other kinds of structures used in connection with the pumping of water by hydraulic power.

231. Pumps and Pump Equipment.

Charge to this account the cost of pumps and pump equipment owned by the utility and used by it in pumping water by hydraulic power.

232. Turbines and Water Wheels.

Charge to this account the cost of turbines and water wheels owned by the utility and used by it in pumping water by hydraulic power.

The turbines include the governors and all other appurtenant apparatus attached to them from and inclusive of the headgates and governors to, but exclusive of, the wasteways.

233. Other Pumping Station Equipment.

Charge to this account the cost of all equipment not provided for elsewhere owned by the utility and used by it in its hydraulic power pumping station.

In the charges to this account include the cost of such items of equipment as shafting, belting, rope and cable drives, gearing, clutches, pulleys, idler wheels, auxiliary motors, hoists, cranes, tools, and all other auxiliary equipment used in connection with the pumping station.

B. OTHER POWER PUMPING PROPERTY ACCOUNTS.

234. Land.

Charge to this account the cost of land owned by the utility on which are located structures and equipment used in pumping water by power other than hydraulic.

235. Leaseholds.

Charge to this account the first cost to the utility of acquiring leaseholds of land, structures, or equipment used by the utility in pumping water by power other than hydraulic.

Exclude from this account the cost of leaseholds which terminate in one year or less after they become effective. Exclude also rents paid periodically for rights obtained under leases.

In this classification this account is classed as intangible fixed capital and as such should be amortized during the lives of the leaseholds.

236. Pumping Station Structures.

Charge to this account the cost of constructing all structures owned by the utility and used by it in pumping its water by power other than hydraulic.

In the charges to this account include the cost of those buildings that are used for housing pumps and pump equipment, boiler plant equipment, steam engines and turbines, gas producer plant equipment, gas engines, electric prime movers, switchboards and auxiliary electrical

equipment, and all other power equipment used exclusively in pumping water; and other buildings and all other kinds of structures similarly used.

If the utility constructs a natural gas well, or other like source of power, which it uses exclusively in producing power for pumping its water, it shall charge the cost of constructing such well to this account.

237. PUMPS AND PUMP EQUIPMENT.

Charge to this account the cost of pumps and pump equipment owned by the utility and used by it in pumping water by power other than hydraulic.

238. BOILER PLANT EQUIPMENT.

Charge to this account the cost of equipment owned by the utility and used by it in generating steam power for use in the pumping of its water.

In the charges to this account include the cost of such items of equipment as boilers and furnaces, their foundations and settings, ash pits and hoppers, valves, flues, iron and steel smoke stacks, breechings, mechanical stokers and like apparatus, cranes, feed pumps, blower engines, water feed piping, injectors, economizers, water heaters, superheaters, draft and water regulators, and pump governors, mechanical draft apparatus, draft gauges, recording and indicating thermometers, measuring and weighing devices, steam pipes from the boilers to the engines, steam exhaust pipes, boiler water purification equipment, steam traps, drains, separators, crushers, and all other equipment used in the boiler plant.

239. STEAM ENGINES AND TURBINES.

Charge to this account the cost of steam engines and turbines, and such accessory equipment as throttle or inlet valves and governors, condensers, air and circulating pumps, oiling systems, intakes and discharges, screen house equipment, and cooling systems.

240. GAS PRODUCER PLANT EQUIPMENT.

Charge to this account the cost of equipment owned by the utility and used by it in the production of gas for power purposes in the pumping of its water.

In the charges to this account include the cost of such items of equipment as producers, economizers, regenerators, vaporizers, steam injectors, scrubbers, exhauster outfits, seals, specially provided boilers and pumps, flues and piping, blower engines, pipes for conducting gas from the producers to the holders and gas engines, holders, exhaust pipe from gas engines, etc.

241. GAS ENGINES.

Charge to this account the cost of gas engines and such accessory equipment as inlet valves and governors, ignition and starting apparatus, air and exhaust piping, oiling system, and like equipment owned by the utility and used by it in pumping its water by gas power.

Exclude from this account the cost of pipe leading from the gas holder.

242. Electric Equipment.

Charge to this account the cost of all electric equipment owned by the utility and used by it in pumping its water.

In the charges to this account include the cost of electric prime movers, switchboards and auxiliary electrical equipment.

243. Other Pumping Station Equipment.

Charge to this account the cost of all equipment not provided for elsewhere owned by the utility and used by it in its pumping station where power other than hydraulic is used.

In the charges to this account include the cost of such items of equipment as shafting, belting, rope and cable drives, gearings, clutches, pulleys, idler wheels, auxiliary motors, hoists, cranes, tools, and all other auxiliary equipment used in connection with the pumping station.

V. DISTRIBUTION SYSTEM PROPERTY ACCOUNTS.

Charge to the appropriate accounts listed under this caption, the cost of land, structures, and equipment, as each of these items of property is defined in "Fixed Capital Definitions and Instructions" of this classification, used and useful in the public service in distributing water to consumers.

The records supporting the entries to each of the following accounts shall be so kept that the utility can furnish information as to the separate cost of land, structures, and equipment owned by it.

244. Leaseholds.

Charge to this account the first cost to the utility of acquiring leaseholds of land, structures, or equipment used by the utility in its distribution system.

Exclude from this account the cost of leaseholds which terminate in one year or less after they become effective. Exclude also rents paid periodically for rights obtained under leases.

In this classification this account is classed as intangible fixed capital and as such should be amortized during the lives of the leaseholds.

245. Rights of Way.

Charge to this account the cost of all interests in land not owned by the utility which do not terminate until more than one year after they become effective and which are acquired for the purpose of locating on such land the transmission and distribution mains of its distribution system.

In this classification this account is classed as intangible fixed capital and if the rights charged hereto are limited in life should be amortized during the lives of the rights.

246. Transmission Mains.

Charge, as land, to this account the cost of tangible land used in connection with transmission mains; as equipment, the cost of transmission mains and such accessories as special castings, valves, valve vaults, valve boxes, and all other appliances used in connection with transmission mains.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the diameter, length, weight, material, price, and date of installation of each transmission main; also the separate cost and date of installation of special castings, valves, valve vaults, valve boxes, and other appliances.

247. STORAGE RESERVOIRS TANKS AND STANDPIPES.

Charge, as land, to this account the cost of tangible land used in connection with reservoirs, tanks, and standpipes in which water is stored preliminary to its distribution to consumers; as structures, the cost of constructing storage reservoirs, tanks, standpipes, gate houses, waste weirs, and all buildings appurtenant to them; as equipment, the cost of inlet, outlet, flush, drain, and overflow pipes, gate valves, check valves, and other control valves, hydraulic pistons, pressure springs, floats, pressure gauges, balanced float valves, high water alarms, and all other apparatus and machinery operated by hand, electricity, or other means used in connection with storage reservoirs, tanks, and standpipes.

248. DISTRIBUTION MAINS.

Charge, as land, to this account the cost of tangible land used in connection with distribution mains; as equipment, the cost of all main pipes used in distributing water to consumers and such accessories as gate valves, valve boxes, manholes, regulating valves, air chambers, relief valves, blow-off cocks, flush plugs, and all other appliances used in connection with distribution mains.

In a strictly gravity system, in which the water flows from the intake pipe through a main which has direct service connections with consumers, the distribution main begins at the shut-off valve of the intake pipe. If the water flows from the source of supply for a long distance through a main, which does not have direct service connections with consumers, the distribution main begins where direct service connections are made. The main from the source of supply to the point where such service connections are made shall be classed as a supply main and as such the cost of it shall be charged to the appropriate account under "WATER COLLECTION SYSTEM PROPERTY ACCOUNTS".

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the diameter, length, weight, material, price and date of installation of each distribution main; also the separate cost and date of installation of gate valves, valve boxes, manholes, regulating valves, air chambers, relief valves, blow-off cocks, flush plugs, and other appliances.

249. SERVICE PIPES AND STOPS.

Charge, as equipment, to this account, when owned by the utility, the cost of pipes leading from the distribution mains to the consumer's premises, and all corporation cocks, stop cocks, valve boxes, and other appliances connected with such pipes.

When the utility and consumers jointly bear the cost of service pipes and stops, charge to this account the portion of such cost borne by the utility. To support this charge the utility shall keep complete information as to the cost of such service pipes and stops and as to the basis upon which such cost was apportioned to the utility and the consumers.

When the utility installs service pipes and stops before they are required for the purpose of supplying consumers, it shall keep a separate account of the cost of them.

250. Meters, Meter Boxes and Vaults.

Charge, as equipment, to this account the cost of all meters, meter boxes and vaults, and the original cost of setting meters, used in measuring water sold to consumers.

Charge the cost of removing and resetting such meters to the appropriate expense account.

251. Fire Hydrants and Fire Cisterns.

Charge, as structures, to this account the cost of constructing fire cisterns; as equipment the cost of fire hydrants, and pipes connecting them and fire cisterns to the distribution mains, and all valves and other appliances used in connection with such fire hydrants and fire cisterns.

252. Fountains and Troughs.

Charge, as equipment, to this account, when owned by the utility, the cost of all fountains and troughs and the pipes connecting them to the distribution mains, all valves and other appliances used in connection with such fountains and troughs.

VI. GENERAL PROPERTY ACCOUNTS.

Charge to the appropriate accounts listed under this caption the cost of land, structures, and equipment, as each of these items of property is defined in "Fixed Capital Definitions And Instructions" of this classification, used and useful in the public service and employed by the utility in its water operations but not used exclusively in any one functional operation.

253. General Office Land.

Charge to this account the cost of land owned by the utility on which are located its general office structures and equipment.

254. Other General Land.

Charge to this account the cost of all general land, except that provided for in "253. General Office Land" account, owned by the utility and used in the conduct of its water operations.

In the charges to this account include the cost of land on which are located structures and equipment used for shop, store, stable, garage, and other general purposes.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the separate cost of land used for each such general purpose.

255. Leaseholds.

Charge to this account the first cost to the utility of acquiring leaseholds of land, structures, or equipment used by the utility for general purposes in the conduct of its water operations.

Exclude from this account the cost of leaseholds which terminate in one year or less after they become effective. Exclude also rents paid periodically for rights obtained under leases.

In this classification this account is classed as intangible fixed capital and as such should be amortized during the lives of the leaseholds.

256. General Office Structures.

Charge to this account the cost of all buildings owned by the utility and used by it for general office purposes.

257. Other General Structures.

Charge to this account the cost of all general structures, except those provided for in "256. General Office Structures" account, owned by the utility and used in the conduct of its water operations.

In the charges to this account include the cost of structures used for shop, store, stable, garage and other general purposes.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the separate cost of structures used for each such general purpose.

258. General Office Equipment.

Charge to this account the cost of all equipment owned by the utility and used by it in its general offices.

In the charges to this account include the cost of such items of equipment as desks, chairs, tables, filing cases, book cases and racks, movable safes, typewriters, adding and calculating machines, addressographs, drafting tables and instruments, engineering instruments, and like appliances used in connection with the general office.

259. Other General Equipment.

Charge to this account the cost of all general equipment except that provided for in "258. General Office Equipment" account owned by the utility and used by it in the conduct of its water operations.

In the charges to this account include the cost of such items of equipment as general shop equipment, general stable equipment, general garage equipment, general tools and implements other than hand tools, and all other general equipment not provided for elsewhere.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the separate cost of each kind of equipment charged to this account.

VII. UNDISTRIBUTED CONSTRUCTION EXPENDITURE ACCOUNTS.

Charge to the appropriate accounts listed under this caption the amount of those expenses therein described which are incurred by the utility during the period of the construction of its water system, or any part thereof, and which cannot be satisfactorily assigned by it to the specific fixed capital accounts in which it is required to record the items of fixed capital acquired by it after December 31, 1917.

260. Engineering and Superintendence During Construction.

Charge to this account expenditures for services and expenses of engineers, draftsmen, and superintendents employed on construction work and work preliminary thereto.

261. General Officers and Clerks Salaries During Construction.

Charge to this account the salaries of executive and general officers, and general office clerks, that accrue during the period of construction. If the utility is already operating a water system, charge to this account only that proportion of such salaries, that is based upon the time which such officers and clerks actually spend in new construction.

262. General Officers and Clerks Expenses During Construction.

Charge to this account the traveling and all other necessary expenses incurred for the benefit of the utility by its general officers and general office clerks during the period of construction. If the utility is already operating a water system, charge to this account only those expenses that are incurred while such officers and clerks are actually engaged on construction work.

263. Office Supplies and Expenses During Construction.

Charge to this account the cost of all office supplies used and expenses incurred by the utility during the period of the construction of its water system or any part thereof.

In the charges to this account include the cost of stationery, printing, blanks, record books, etc., used in connection with construction work and such expenses as messenger and janitor services, rent, water, light, heat, postage, telephone, telegrams, exchange on remittances and like expenses incurred in construction work.

264. Law Expenditures During Construction.

Charge to this account all law expenditures incurred during the period of construction.

In the charges to this account include such items as pay and expenses of counsel, solicitors and attorneys; their clerks and attendants, and the expenses of their offices, if employed exclusively by the utility; cost of printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators upon disputed questions; payments of special fees, notarial fees, and witness fees not elsewhere provided for; expenses connected with taking depositions, and court costs and expenses.

Exclude from this account and charge to "200. Organization" account, law expenses incurred in the organization of the utility.

Exclude also from this account and charge to "265. Injuries and Damages During Construction" account law expenses incurred as the result of injuries and damages caused directly in connection with the construction of the water system.

265. Injuries and Damages During Construction.

Charge to this account the amounts of all awards of courts or other lawful authority, such as workmen's compensation boards, etc., all allowances by the utility itself for damages to or destruction of property other

than that owned by the utility and for injuries and deaths of employees and other persons, when such damages or destruction of property and injuries or deaths are caused directly in connection with the construction of the water system. Include also in this account such items of expense as contributions to hospitals, transportation of injured persons, fees of physicians and surgeons, or, if regularly employed by the utility, a proportion of their salaries and expenses, nurse and hospital charges, cost of medical and surgical supplies, and expenditures for funeral and burial services. Charge also hereto salaries of claim agents and adjusters of the utility and their assistants, while engaged in settling damage, injury, or death claims which result from construction, the compensation of the solicitor or counsel, while engaged in attending to law suits which develop from such claims, and all court costs connected therewith and paid by the utility.

266. Insurance During Construction.

Charge to this account the amount of all premiums paid to insurance companies for fire, casualty, boiler, fidelity and other insurance to cover risks during the period of construction of the water system.

267. Taxes During Construction.

Charge to this account all taxes and assessments applicable to the period of construction that are levied and paid on property that belongs to the utility and is to be used in the conduct of its water operations.

Exclude from this account and charge to the account to which the property benefited was charged all taxes assessed for street and other improvements such as grading, sewering, curbing, guttering, and like improvements.

268. Interest During Construction.

Charge to this account the interest accrued during the period of construction, upon all moneys, and claims payable upon demand, which are acquired by the utility for use in connection with the construction of its water system.

Interest receivable on such moneys and claims shall be credited to this account.

Discounts received through the prompt payment of bills for materials and supplies used in construction shall be credited to this account if they cannot be assigned to the particular items of materials and supplies to which they apply.

269. Other Expenditures During Construction.

Charge to this account all undistributed expenditures, not provided for elsewhere, incurred by the utility during the period of construction.

INCOME ACCOUNTS.

Definitions and Instructions.

Income Accounts.

The income accounts of a water utility are those in which it shall record for each fiscal period the total amount of money that it is entitled to receive for water services rendered, the returns accrued upon its investments, the accrued cost of water services rendered by it, the losses sustained by it that are applicable to each fiscal period, the amounts accrued for taxes and for use of moneys and properties of others, and the amount of all other disbursements or obligations incurred by it that effect the amounts so received or accrued.

In this classification income accounts consist of the following principal divisions:

I. Operating Revenue Accounts
II. Operating Expense Accounts
III. Non Operating Revenue Accounts
IV. Non Operating Expense Accounts
V. Gross Income Deduction Accounts
VI. Net Income or Loss Account
VII. Net Income Appropriation Accounts

Operating Revenue Accounts.

Operating revenue accounts of a water utility are those in which it shall record for each fiscal period the amounts of money which it receives or becomes entitled to receive for sales of water and for other services which it renders in connection with the operation of its water system and which it requires by its own regulations to be performed by it exclusively.

Operating Expense Accounts.

Operating expense accounts of a water utility are those in which it shall record for each fiscal period the expenses of operating its water system, the expenses of maintaining its property used in its water operations, the expenses of collecting its water revenues, the expenses of accounting for its water transactions, the general and supervisory expenses connected with its water operations, and all other expenses incident to its operating revenues.

In this classification operating expenses consist of two main divisions namely operation and maintenance.

Operation means the use of the water properties. Its cost includes the cost of labor employed, materials and supplies consumed, and expenses incurred in collecting, purifying, pumping, and distributing water. This cost also includes administrative and general labor, materials and supplies, and expenses.

Maintenance means the upkeep of the water properties. Its cost includes the cost of labor employed, materials and supplies consumed, and expenses incurred in making repairs to the structures and equipment of the water system.

Repairs consist of those changes to the utility's structures and equipment used in its water operations which are made for the purpose of keeping them in an efficient operating condition. They are changes which affect the current

operation of such structures and equipment rather than their value. They include the replacement of minor parts, rearrangements and changes in the location of equipment other than consumers service equipment, and all other alterations that do not amount to substantial changes of identity in such structures and equipment. Those changes which result in the complete replacement of any structure or unit of equipment are not repairs and are proper charges to the appropriate fixed capital accounts after the cost of the structure or equipment replaced has been credited thereto.

Cost as used in connection with any operating expense account means cash or money cost.

Labor means human service of any character.

Cost of labor means not only wages paid for manual labor, but also salaries and fees paid to persons engaged in clerical, engineering, and supervisory occupations.

Expenses mean those expenditures that are incurred and are chargeable to operating expense accounts and which are neither labor nor materials and supplies.

NON OPERATING REVENUE ACCOUNTS.

Non operating revenue accounts of a water utility are those in which it shall record for each fiscal period the amounts of money which it receives or becomes entitled to receive either from any service which it renders other than that of supplying water to its consumers, or as a return upon any of its property which is used by others, or as a return upon any interest that it has in the property of others.

NON OPERATING EXPENSE ACCOUNTS.

Non operating expense accounts of a water utility are those in which it shall record for each fiscal period the expenses incurred by it in rendering services other than supplying water to its consumers and all other expenses incurred by it in procuring its various kinds of non operating revenues.

OPERATING INCOME OR LOSS.

The operating income of a water utility for any fiscal period is the excess of the sum of the credit balances in its various operating revenue accounts over the sum of the debit balances in its various operating expense accounts. The operating loss is the reverse excess.

NON OPERATING INCOME OR LOSS.

The non operating income of a water utility for any fiscal period is the excess of the sum of the credit balances in its various non operating revenue accounts over the sum of the debit balances in its various non operating expense accounts. The non operating loss is the reverse excess.

GROSS INCOME.

The gross income of a water utility for any fiscal period is the sum of its operating and non operating incomes as each of these is defined in this classification.

NET INCOME OR LOSS.

The net income of a water utility for any fiscal period is the excess of its gross income, as herein defined, over the sum of the balances in those accounts which are listed herein under the caption "V. GROSS INCOME DEDUCTION ACCOUNTS". The net loss is the reverse excess.

ACCOUNTS CHARGEABLE IN WATER SALES.

In its sales of water the utility shall charge to either "171. SERVICE BILLED IN ADVANCE" account or "119. ACCOUNTS RECEIVABLE FROM CONSUMERS" account, according as such water is paid for in advance of or subsequent to its consumption, the amount that is credited to each operating revenue account.

FREE WATER AND WATER USED IN OPERATIONS.

Each water utility shall keep a memorandum record of the water it uses in its own operations and also of the water it supplies free to municipalities and others.

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PRESCRIBED FOR CLASSES A B AND C WATER UTILITIES.

I. OPERATING REVENUE ACCOUNTS.

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	Metered Private Sales			C	69
300.	Metered Domestic Sales	A	B		69
301.	Metered Commercial Sales	A	B		69
302.	Metered Industrial Sales	A	B		69
303.	Other Metered Private Sales	A	B		70
304.	Metered Public Sales	A	B	C	70
305.	Metered Sales to Other Water Utilities for Resale	A	B	C	70
	Unmetered Private Sales			C	70
306.	Unmetered Domestic Sales	A	B		70
307.	Unmetered Commercial Sales	A	B		70
308.	Unmetered Industrial Sales	A	B		70
309.	Sales for Private Fire Protection	A	B		70
310.	Other Unmetered Private Sales	A	B		71
	Unmetered Public Sales			C	71
311.	Sales for Public Fire Protection	A	B		71
312.	Unmetered Sales for Other Public Uses	A	B		71
313.	Unmetered Sales to Other Water Utilities for Resale	A	B	C	71
314.	Operating Revenue Other Than Water Sales	A	B	C	71
315.	Consumers Discounts Forfeited and Penalties Imposed	A	B	C	71
316.	Allowances to Consumers	A	B	C	71

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PRESCRIBED FOR "CLASS B" WATER UTILITIES.

I. OPERATING REVENUE ACCOUNTS.

Account Number.	Name of Account.	Page.
300.	Metered Domestic Sales	69
301.	Metered Commercial Sales	69
302.	Metered Industrial Sales	69
303.	Other Metered Private Sales	70
304.	Metered Public Sales	70
305.	Metered Sales to Other Water Utilities for Resale	70
306.	Unmetered Domestic Sales	70
307.	Unmetered Commercial Sales	70
308.	Unmetered Industrial Sales	70
309.	Sales for Private Fire Protection	70
310.	Other Unmetered Private Sales	71
311.	Sales for Public Fire Protection	71
312.	Unmetered Sales for Other Public Uses	71
313.	Unmetered Sales to Other Water Utilities for Resale	71
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315.	Consumers Discounts Forfeited and Penalties Imposed	71
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PRESCRIBED FOR "CLASS C" WATER UTILITIES.

I. OPERATING REVENUE ACCOUNTS.

Account Number.	Name of Account.	Page.
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304.	Metered Public Sales	70
305.	Metered Sales to Other Water Utilities for Resale	70
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313.	Unmetered Sales to Other Water Utilities for Resale	71
314.	Operating Revenue Other Than Water Sales	71
315.	Consumers Discounts Forfeited and Penalties Imposed	71
316.	Allowances to Consumers	71

TEXT EXPLANATORY OF INCOME ACCOUNTS.

I. OPERATING REVENUE ACCOUNTS.

Credit to the appropriate numbered accounts listed under this caption or to the appropriate subcaptions under which such numbered accounts are listed the amounts earned by the utility from its sales of water and for other services rendered in connection with the operation of its water system.

These subcaptions as well as the numbered accounts listed under them are account titles. The letter, or letters, after each subcaption or numbered account indicates the class of the utility that is required to keep the account title prefixed thereto.

Each utility shall so keep the records supporting the entries to each operating revenue account that it can furnish information as to the name of each consumer, the quantity of water sold to him, the rate, and the amount charged for it.

Where a utility sells water to the same consumer at different rates it shall keep a separate record of the quantity sold at each rate.

METERED PRIVATE SALES—(Class C).

300. METERED DOMESTIC SALES—(Classes A and B).

Credit to this account the net amount earned by the utility from its metered sales of water for domestic purposes.

In the credits to this account include the amounts earned from sales of water to private dwellings, boarding and rooming houses, apartment houses, and like places of residence where water is used primarily for domestic purposes.

If a part of any domicile is used as a store or shop and the quantity of water used in the store or shop and in the rest of the domicile is recorded by the same meter, the utility shall consider the sales of water so recorded as domestic sales.

301. METERED COMMERCIAL SALES—(Classes A and B).

Credit to this account the net amount earned by the utility from its metered sales of water for commercial purposes.

In the credits to this account include the amounts earned from sales of water to hotels, saloons, warehouses, wholesale and retail stores, office buildings, barns and garages not appurtenant to dwellings and apartment houses, private schools and colleges, churches, hospitals, other private institutions, greenhouses, skating rinks and all other commercial establishments which do not use water primarily for power or industrial purposes.

302. METERED INDUSTRIAL SALES—(Classes A and B).

Credit to this account the net amount earned by the utility from its metered sales of water for industrial purposes.

In the credits to this account include the amounts earned from sales of water to breweries, bottling works, laundries, factories and other manufacturies, and other establishments that use water primarily for power or industrial purposes. Include also in the credits to this account the amounts earned from sales of water to public utilities other than those engaged in supplying water.

Operating Revenue Accounts

303. Other Metered Private Sales—(Classes A and B).

Credit to this account the net amount earned by the utility from its metered sales of water for private purposes not provided for elsewhere.

In the credits to this account include the amounts earned from sales of water to builders, contractors for street paving, sewer, and like constructions, circuses, and others that use water for a limited time without permanent service connections.

304. Metered Public Sales—(Classes A B and C).

Credit to this account the net amount earned by the utility from its metered sales of water to municipalities for various uses.

305. Metered Sales to Other Water Utilities for Resale—(Classes A B and C).

Credit to this account the net amount earned by the utility from its metered sales of water to other water utilities for resale.

Unmetered Private Sales—(Class C).

306. Unmetered Domestic Sales—(Classes A and B).

Credit to this account the net amount earned by the utility from its unmetered sales of water for domestic purposes.

In the credits to this account include the amounts earned from sales of water to private dwellings, boarding and rooming houses, apartment houses, and like places of residence where water is used primarily for domestic purposes.

If a part of any domicile is used as a store or shop and the water used in the store or shop and in the rest of the domicile is supplied at the same rate the utility shall consider the sales of such water as domestic sales.

307. Unmetered Commercial Sales—(Classes A and B).

Credit to this account the net amount earned by the utility from its unmetered sales of water for commercial purposes.

In the credits to this account include the amounts earned from sales of water to hotels, saloons, warehouses, wholesale and retail stores, office buildings, barns and garages not appurtenant to dwellings and apartment houses, private schools and colleges, churches, hospitals, other private institutions, greenhouses, skating rinks and all other commercial establishments which do not use water primarily for power or industrial purposes.

308. Unmetered Industrial Sales—(Classes A and B).

Credit to this account the net amount earned by the utility from its unmetered sales of water for industrial purposes.

In the credits to this account include the amounts earned from sales of water to breweries, bottling works, laundries, factories, and other manufacturies, and all other establishments that use water primarily for power or industrial purposes. Include also in the credits to this account the amounts earned from sales of water to public utilities other than those engaged in supplying water.

309. Sales for Private Fire Protection—(Classes A and B).

Credit to this account the net amount earned by the utility from its sales of water for private fire protection.

310. Other Unmetered Private Sales—(Classes A and B).

Credit to this account the net amount earned by the utility from its unmetered sales of water for private purposes not provided for elsewhere.

In the credits to this account include the amounts earned from sales of water to builders, contractors for street paving, sewer, and like constructions, circuses, and others that use water for a limited time without permanent service connections.

Unmetered Public Sales—(Class C).

311. Sales for Public Fire Protection—(Classes A and B).

Credit to this account the net amount earned by the utility from its sales of water to municipalities for fire protection purposes.

312. Unmetered Sales for Other Public Uses—(Classes A and B).

Credit to this account the net amount earned by the utility from its unmetered sales of water to municipalities for uses other than fire protection.

313. Unmetered Sales to Other Water Utilities for Resale—(Classes A B and C).

Credit to this account the net amount earned by the utility from its unmetered sales of water to other water utilities for resale.

314. Operating Revenue Other Than Water Sales—(Classes A B and C).

Credit to this account amounts earned by the utility for services, other than supplying water, which it renders in connection with the operation of its water system.

In the credits to this account include amounts earned from turning on and shutting off water, tapping mains, etc.

315. Consumers Discounts Forfeited and Penalties Imposed—(Classes A B and C).

Credit to this account the amounts of those discounts which the utility allows its consumers on condition that they pay their water bills on or before a specified date and which are forfeited by the consumers because of their failure to pay their bills within the specified time.

Credit also to this account the amounts of penalties imposed by the utility on its consumers because of their failure to pay their water bills within a stated time.

316. Allowances to Consumers—(Classes A B and C).

Charge to this account the amounts of allowances to consumers made by the utility on its water sales.

Exclude from this account all allowances that are applicable to previous fiscal periods.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name and kind of each consumer to whom an allowance is made, the amount allowed him, and the reason for making the allowance.

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351.	Water Collection Supplies and Expenses	A B	78
352.	Water Purchased for Resale	A B C	78
353.	Maintenance of Water Collection System Properties	A B C	78
	B. PURIFICATION SYSTEM EXPENSE ACCOUNTS.		
	Operating Labor and Expenses	C	79
354.	Operating Labor	A B	79
355.	Purification Supplies and Expenses	A B	79
356.	Maintenance of Purification System Properties	A B C	79
	C. PUMPING SYSTEM EXPENSE ACCOUNTS.		
	1. Pumping by Hydraulic Power.		
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357.	Operating Labor	A B	80
	Pumping Supplies and Expenses	B	80
358.	Oil Waste and Packing	A	80
359.	Other Supplies and Expenses	A	80
360.	Hydraulic Power Purchased	A B C	80
361.	Maintenance of Hydraulic Power Pumping System Properties	A B C	81
	2. Pumping by Other Power.		
	Operating Labor and Expenses	C	81
362.	Operating Labor	A B	81
	Pumping Supplies and Expenses	B	81
363.	Fuel	A	81
364.	Oil Waste and Packing	A	81
365.	Other Supplies and Expenses	A	81
366.	Power Purchased	A B C	82
367.	Maintenance of Power Pumping System Properties Other Than Hydraulic	A B C	82
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OPERATING EXPENSE ACCOUNTS

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372.	METER DEPARTMENT SUPPLIES AND EXPENSES	A			83
373.	OTHER DISTRIBUTION SYSTEM SUPPLIES AND EXPENSES	A			83
374.	GRATUITOUS SERVICE PERFORMED FOR CONSUMERS	A	B	C	83
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387.	OTHER GENERAL OFFICE EXPENSES	A			86
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400.	Joint Operating Expenses Transferred	A	89
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PRESCRIBED FOR "CLASS B" WATER UTILITIES.

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352.	Water Purchased for Resale	78
353.	Maintenance of Water Collection System Properties	78
	B. PURIFICATION SYSTEM EXPENSE ACCOUNTS.	
354.	Operating Labor	79
355.	Purification Supplies and Expenses	79
356.	Maintenance of Purification System Properties	79
	C. PUMPING SYSTEM EXPENSE ACCOUNTS.	
	1. Pumping by Hydraulic Power.	
357.	Operating Labor	80
358–359.	Pumping Supplies and Expenses	80
360.	Hydraulic Power Purchased	80
361.	Maintenance of Hydraulic Power Pumping System Properties	81
	2. Pumping by Other Power.	
362.	Operating Labor	81
363–365.	Pumping Supplies and Expenses	81
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398–400.	General Adjustments	89
401.	Maintenance of General Properties	90
402.	Depreciation	90
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404.	Amortization of Franchises, Patent Rights and Licenses	90

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PRESCRIBED FOR "CLASS C" WATER UTILITIES.

II. OPERATING EXPENSE ACCOUNTS.

Account Number.	Name of Account.	Page.
	A. WATER COLLECTION SYSTEM EXPENSE ACCOUNTS.	
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352.	Water Purchased for Resale	78
353.	Maintenance of Water Collection System Properties	78
	B. PURIFICATION SYSTEM EXPENSE ACCOUNTS.	
354–355.	Operating Labor and Expenses	79
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	C. PUMPING SYSTEM EXPENSE ACCOUNTS.	
	1. Pumping by Hydraulic Power.	
357–359.	Operating Labor and Expenses	80
360.	Hydraulic Power Purchased	80
361.	Maintenance of Hydraulic Power Pumping System Properties	81
	2. Pumping by Other Power.	
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367.	Maintenance of Power Pumping System Properties Other Than Hydraulic	82
	D. DISTRIBUTION SYSTEM EXPENSE ACCOUNTS.	
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	E. GENERAL EXPENSE ACCOUNTS.	
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391.	Uncollectible Consumers' Accounts	87
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401.	Maintenance of General Properties	90
402.	Depreciation	90
403.	Extraordinary Depreciation	90
404.	Amortization of Franchises, Patent Rights and Licenses	90

TEXT EXPLANATORY OF INCOME ACCOUNTS.

II. OPERATING EXPENSE ACCOUNTS.

Charge to the appropriate numbered accounts listed under this caption or to the appropriate subcaptions under which such numbered accounts are listed the amounts of operating expenses incurred by the utility in the conduct of its water operations.

These subcaptions as well as the numbered accounts listed under them are account titles. The letter, or letters, after each subcaption or numbered account indicates the class of the utility that is required to keep the account title prefixed thereto.

Each water utility shall so keep the records supporting the entries to each maintenance account listed under this caption that it can furnish information as to the separate cost of labor, materials and supplies, and expenses charged thereto.

A. WATER COLLECTION SYSTEM EXPENSE ACCOUNTS.

Operating Labor and Expenses—(Class C).

350. Operating Labor—(Classes A and B).

Charge to this account the cost of all labor employed by the utility in the operation of its water collection system.

In the charges to this account include the salaries and wages of superintendents, foremen, patrolmen, inspectors, caretakers, and all others employed by the utility in the operation of the several parts of its water collection system.

Exclude from this account maintenance labor.

351. Water Collection Supplies and Expenses—(Classes A and B).

Charge to this account the cost of all supplies consumed and all expenses not provided for elsewhere incurred by the utility in the operation of its water collection system.

352. Water Purchased for Resale—(Classes A B and C).

Charge to this account the cost of water purchased by the utility for the purpose of reselling it.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each vendor; whether or not the utility controls, is controlled by, or is in any way affiliated with such vendor; the rate, quantity of water purchased, and total amount paid to each vendor.

353. Maintenance of Water Collection System Properties—(Classes A B and C).

Charge to this account the cost of all labor employed, materials and supplies consumed, and expenses incurred by the utility in making repairs to the structures and equipment of the various parts of its water collection system.

In the charges to this account include the cost of repairs to such structures as impounding reservoirs and their appurtenant dams, embankments, gate houses, gate and screen chambers, culverts, tunnels, and

waste weirs; lake and river intake cribs; basins, vaults, collecting chambers, open wells, tubular wells, artesian wells, and like structures for collecting water from ground sources; open ditches, closed conduits, tunnels and other forms of infiltration galleries; collecting reservoirs and intake wells and their gate screen and valve chambers; gravity intakes and suction mains; aqueducts and supply mains and all trestles, bridges, culverts, tunnels, waste weirs, overflow weirs, gate valve and screen chambers connected with them; open canals and channels with their embankments, flumes, tunnels and other like forms of collecting conduits and all trestles, bridges, culverts, dams, waste weirs, etc., appurtenant to such conduits; also repairs to such equipment as valves, sluice and other gates, screens, gratings, inlet, outlet, flush, drain, waste, overflow, and other pipes, and all mechanism for operating such equipment.

In the charges to this account include also the cost of such items as removing sand and corroded materials from well structures; periodical cleaning to remove organic growth and incrustation from gravity intakes and suction mains, aqueducts and supply mains, other collecting conduits, and collecting reservoirs and intake wells; changing the position of, or replacing by necessary bracing or digging, aqueducts and supply mains, intake and suction mains, and other forms of collecting conduits; seeking leaks; removing and replacing worn sections of pipes and fittings; calking collecting mains and protecting exposed parts of such mains when undermined; repaving, digging and like expenses occasioned by the repairing of water collecting conduits.

B. PURIFICATION SYSTEM EXPENSE ACCOUNTS.

Operating Labor and Expenses—(Class C).

354. Operating Labor—(Classes A and B).

Charge to this account the cost of all labor employed by the utility in the operation of its purification system.

In the charges to this account include the salaries and wages of the superintendent, foremen, and all others employed by the utility in the operation of its purification system.

Exclude from this account maintenance labor.

355. Purification Supplies and Expenses—(Classes A and B).

Charge to this account the cost of all supplies consumed and all expenses, not provided for elsewhere, incurred by the utility in the operation of its purification system.

In the charges to this account include the cost of such items as alum sulphate, iron sulphate, lime, chlorine, hypochlorite of lime and all other chemicals; stationery and printing, postage; gas and electricity for lighting and heating, ice, towels, soap, brooms, water for general use and fire protection, and other items of like character.

356. Maintenance of Purification System Properties—(Classes A B and C).

Charge to this account the cost of labor employed, materials and supplies consumed, and expenses incurred by the utility in making repairs to the structures and equipment of the various parts of its purification system.

In the charges to this account include the cost of repairs to such structures as sedimentation and coagulating basins and their appurtenant baffles and weirs, and concrete conduits permanently attached to them; filters, filter houses and pipe galleries; clear water basins and wells; softening and iron removing plant and their appurtenant baffles and weirs; ozone sterilizing and aeration plant and their towers, concrete fountains, channels; and all other buildings used in the purification system; also repairs to such equipment as valves, sluice gates, inlet, outlet, flush, drain, overflow, and all other pipes, tanks for mixing coagulants, agitating devices, pump and gravity apparatus for conveying the coagulating solution from the mixing or storing tanks to the orifice boxes and dosing tanks, hand wheels and indicators for regulating the flow of the coagulating solution from the boxes or tanks, washing and feeder apparatus, and other like appliances.

C. PUMPING SYSTEM EXPENSE ACCOUNTS.

1. Pumping by Hydraulic Power.

Operating Labor and Expenses—(Class C).

357. Operating Labor—(Classes A and B).

Charge to this account the cost of all labor employed by the utility in the operation of its hydraulic power pumping system.

In the charges to this account include the salaries and wages of the superintendent, foremen, gatemen, wheelmen, canalmen, patrolmen, watchmen, janitors, messengers, employees engaged in cleaning buildings and yards, and all others employed in the operation of the utility's hydraulic power pumping system properties.

Exclude from this account maintenance labor.

Pumping Supplies and Expenses—(Class B).

358. Oil Waste and Packing—(Class A).

Charge to this account the cost of all lubricating oil, waste, and packing used by the utility in pumping its water by hydraulic power.

359. Other Supplies and Expenses—(Class A).

Charge to this account the cost of those supplies and expenses not provided for elsewhere that are used by the utility in pumping its water by hydraulic power.

In the charges to this account include the cost of such items as hand tools, stationery and printing, postage, gas and electricity for lighting and heating the pumping station, brooms, ice, soap, towels, and other items of like character.

360. Hydraulic Power Purchased—(Classes A B and C).

Charge to this account the cost of hydraulic power purchased by the utility for the purpose of operating its hydraulic power equipment.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each vendor of such power, whether or not the utility controls, is controlled by, or is in any way affiliated with such vendor; the quantity of power purchased from each vendor and the rate and amount paid for it.

Operating Expense Accounts

361. Maintenance of Hydraulic Power Pumping System Properties—(Classes A B and C).

Charge to this account the cost of labor employed, materials and supplies consumed, and expenses incurred by the utility in making repairs to its structures and equipment used in pumping water by hydraulic power.

In the charges to this account include the cost of repairs to the hydraulic power pumping station building, outbuildings, tool houses, shops, and such structures specially provided for the development of hydraulic power as dams, canals, flumes, aqueducts, pipe lines, all trestles, bridges, culverts, and tunnels appurtenant to such conduits, gate and valve chambers, and all other hydraulic power structures; also repairs to such equipment as turbines and water wheels and apparatus appurtenant to them, pumps, shafting, belting, rope and cable drives, gearing, clutches, pulleys, idler wheels, motors, hoists, cranes, tools other than hand, and all valves, gates, and other regulating apparatus.

2.. Pumping by Other Power.

Operating Labor and Expenses—(Class C).

362. Operating Labor—(Classes A and B).

Charge to this account the cost of all labor employed by the utility in the operation of its pumping system by power other than hydraulic.

In the charges to this account include the salaries and wages of the superintendent, foremen, engineers, firemen, helpers, shovelers, weighers, feed pumpmen, oilers, wipers, motor attendants, and all others employed by the utility in the operation of its pumping system by power other than hydraulic.

Exclude from this account maintenance labor.

Pumping Supplies and Expenses—(Class B).

363. Fuel—(Class A).

Charge to this account the cost of fuel used by the utility in the operation of its pumping equipment.

In the charges to this account include the cost of coal, oil, gas, and other kinds of fuel.

364. Oil Waste and Packing—(Class A).

Charge to this account the cost of all lubricating oil, waste, and packing used by the utility in the operation of its pumping equipment by power other than hydraulic.

365. Other Supplies and Expenses—(Class A).

Charge to this account the cost of those supplies and expenses not provided for elsewhere that are used by the utility in the operation of its pumping equipment by power other than hydraulic.

In the charges to this account include the cost of such items as boiler room records, boiler compounds, boiler inspection, hose, gaskets, wipers, hand tools, gauge glasses, stationery and printing, postage, gas and electricity for lighting and heating the pumping station, brooms, ice, soap, towels, and other items of like character.

OPERATING EXPENSE ACCOUNTS

366. POWER PURCHASED—(Classes A B and C).

Charge to this account the cost of power other than hydraulic purchased by the utility for the purpose of operating its pumping equipment.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each vendor of such power; whether or not the utility controls, is controlled by, or is in any way affiliated with such vendor; the quantity of power purchased from each vendor and the rate and amount paid for it.

367. MAINTENANCE OF POWER PUMPING SYSTEM PROPERTIES OTHER THAN HYDRAULIC—(Classes A B and C).

Charge to this account the cost of labor employed, materials and supplies consumed, and expenses incurred by the utility in making repairs to the structures and equipment of its pumping system operated by power other than hydraulic.

In the charges to this account include the cost of repairs to the pumping station building, outbuildings, tool houses, shops, and other kinds of structures used in pumping water by power other than hydraulic; also repairs to such items of equipment as pumps and pump equipment, boiler plant equipment, steam engines and turbines, gas engines, electric equipment, and all other equipment used in pumping water by power other than hydraulic.

D. DISTRIBUTION SYSTEM EXPENSE ACCOUNTS.

OPERATING LABOR AND EXPENSES—(Class C).

OPERATING LABOR—(Class B).

368. STREET DEPARTMENT LABOR—(Class A).

Charge to this account the cost of all labor employed by the utility in the operation of those parts of its distribution system properties that are located in public streets or private rights of way, etc.

In the charges to this account include the cost of labor engaged in inspecting and patrolling transmission mains, distribution mains, service pipes and stops, fire hydrants, fountains, and troughs; flushing such mains and hydrants; pumping out hydrants; taking street pressure; and all other labor similarly employed.

Exclude from this account maintenance labor.

369. METER DEPARTMENT LABOR—(Class A).

Charge to this account the cost of all labor employed by the utility in inspecting, removing, testing, and resetting meters, and performing all other services in the meter department.

Exclude from this account maintenance labor.

370. OTHER DISTRIBUTION SYSTEM LABOR—(Class A).

Charge to this account the cost of all labor, not provided for elsewhere, employed by the utility in the operation of its distribution system.

Exclude from this account maintenance labor.

Operating Expense Accounts

Distribution System Supplies and Expenses—(Class B).

371. Street Department Supplies and Expenses—(Class A).

Charge to this account the cost of all supplies consumed and expenses incurred by the utility in connection with the operation of those parts of its distribution system properties that are located in public streets or private rights of way, etc.

372. Meter Department Supplies and Expenses—(Class A).

Charge to this account the cost of all supplies consumed, and expenses incurred by the utility in the operation of its meter department.

In the charges to this account include gas and electricity for light and heat, water used for operating machinery for testing meters, hand tools and all other supplies and expenses connected with the meter department.

373. Other Distribution System Supplies and Expenses—(Class A).

Charge to this account the cost of all other supplies used and expenses incurred, not provided for elsewhere, by the utility in the operation of its distribution system.

374. Gratuitous Service Performed for Consumers—(Classes A B and C).

Charge to this account the cost of labor employed, materials and supplies consumed, and expenses incurred by the utility in adjusting house piping, plumbing and water fixtures, investigating complaints and inspecting and testing house plumbing in connection with complaints, and performing all other services on the premises of consumers for which the utility does not make any charge.

Maintenance of Distribution System Properties—(Class C).

Maintenance of Distribution System Mains and Pipes—(Class B).

375. Maintenance of Transmission Mains—(Class A).

Charge to this account the cost of all labor employed, materials and supplies consumed, and expenses incurred by the utility in making repairs to its transmission mains.

In the charges to this account include such items as the cost of overhauling, changing the position of, or replacing by necessary bracing or digging, transmission mains; seeking leaks; removing and replacing worn sections and fittings; calking and protecting exposed parts of such mains when undermined; digging and repaving; scraping to remove incrustations, and like expenses occasioned by the repairing of the transmission mains.

376. Maintenance of Distribution Mains—(Class A).

Charge to this account the cost of all labor employed, materials and supplies consumed, and expenses incurred by the utility in making repairs to its distribution mains.

In the charges to this account include such items as the cost of overhauling, changing the position of, or replacing by necessary bracing or digging, distribution mains; seeking leaks; removing and replacing worn sections and fittings; calking and protecting exposed parts of such mains

when undermined; digging and repaving; scraping to remove incrustations, and like expenses occasioned by the repairing of the distribution mains.

377. Maintenance of Service Pipes and Stops—(Class A).

Charge to this account the cost of all labor employed, materials and supplies consumed, and expenses incurred by the utility in making repairs to its service pipes and stops.

In the charges to this account include such items as the cost of overhauling, changing the position of service pipes and stops; seeking leaks; removing and replacing service pipe connections; digging and repaving; cleaning and scraping; and like expenses occasioned by the repairing of service pipes and stops.

378. Maintenance of Storage Reservoirs Tanks and Standpipes—(Classes A and B).

Charge to this account the cost of labor employed, materials and supplies consumed, and expenses incurred by the utility in making repairs to the structures and equipment of its storage reservoirs, tanks, and standpipes.

In the charges to this account include the cost of repairs to such structures as storage reservoirs and their embankments, gate houses, waste weirs, tanks and standpipes and all buildings appurtenant to them; also repairs to such equipment as inlet, outlet, flush, drain and overflow pipes, gate valves, check valves and other control valves, hydraulic pistons, pressure springs, gauges, floats, high water alarms and all other apparatus and machinery operated by hand, electricity, or other means and used in connection with storage reservoirs, tanks, and standpipes.

379. Maintenance of Meters, Meter Boxes and Vaults—(Classes A and B).

Charge to this account the cost of labor employed, materials and supplies consumed, and expenses incurred by the utility in making repairs to its meters, meter boxes and vaults.

In the charges to this account include the cost of readjusting, cleaning and painting; replacing worn gears, dials, meter unions, cocks, etc.; repairing and replacing connections and meter fittings, and like expenses occasioned by the repairing of meters, meter boxes and vaults.

Maintenance of Other Distribution System Properties—(Class B).

380. Maintenance of Fire Hydrants and Fire Cisterns—(Class A).

Charge to this account the cost of labor employed, materials and supplies consumed, and expenses incurred by the utility in making repairs to its fire hydrants, and fire cisterns.

381. Maintenance of Fountains and Troughs—(Class A).

Charge to this account the cost of labor employed, materials and supplies consumed, and expenses incurred by the utility in making repairs to its fountains and troughs, pipes, valves, and other appliances used in connection with them.

E. GENERAL EXPENSE ACCOUNTS.

General Office Salaries and Expenses—(Class C).

General Office Salaries—(Class B).

382. Salaries of General Officers—(Class A).

Charge to this account the amount of salaries of such general officers, as the president, vice-presidents, general manager, secretary, treasurer, comptroller, general auditor and all other officers whose jurisdiction extends over the entire business and whose services are not chargeable to any particular department.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount of each officer's salary.

383. Salaries of Other General Office Employees—(Class A).

Charge to this account the salaries of such employees as general superintendents and engineers, general office auditors, bookkeepers, cashiers, paymasters, stenographers, meter readers, employees engaged in delivering bills, collectors, employees engaged in taking applications for water service and handliug contract matters, salesmen, clerks, demonstrators, distributors of circulars and advertising matter, and others employed by the utility in the promotion and extension of its water business.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount of salary paid to each such employee.

General Office Supplies and Expenses—(Class B).

384. General Office Supplies—(Class A).

Charge to this account the cost of all supplies used for general purposes by the utility in its general office.

In the charges to this account include the cost of such items as blank books, letter paper, envelopes, printed forms, carbon paper, blotters, ink, inkstands, pens, penholders, pencils, paper clips and fasteners, pins, typewriter ribbons, waste baskets, aud other like items.

385. Expenses of General Officers—(Class A).

Charge to this account all expenses incurred for the benefit of the utility by its officers whose jurisdiction extends over the entire business and whose services are not chargeable to any particular department.

In the charges to this account include traveling, hotel, and like expenses incurred by the president, vice-presidents, general manager, secretary, treasurer, comptroller, general auditor, etc., while they are engaged in performing services for the utility.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount and nature of each officer's expenses.

386. Expenses of Other General Office Employees—(Class A).

Charge to this account all expenses incurred for the benefit of the utility by those employees who are connected with its general office and whose services are not directly chargeable to any particular department

In the charges to this account include traveling, hotel, and like expenses incurred by such employees as general superintendents and engineers, general office auditors, bookkeepers, cashiers, paymasters, stenographers, meter readers, employees engaged in delivering bills, collectors, employees engaged in taking applications for water service and handling contract matters, salesmen, clerks, demonstrators, distributors of circulars and advertising matter, and others employed by the utility in the promotion and extension of its water business.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount and nature of each employees expenses.

387. Other General Office Expenses—(Class A).

Charge to this account all expenses, not provided for elsewhere, incurred by the utility in connection with its general office.

In the charges to this account include such items as general office rent, light, heat, telephone, telegrams, messengers, janitor services, newspapers, periodicals, ice, drinking water, laundry, and like expenses; also advertising whether by newspapers, periodicals, posters, dodgers, handbills, circulars, car signs, booklets, trimming stores and windows and like advertising expenses.

In the charges to this account include also the cost of publishing annual reports, advertising notices of stockholders' meetings, dividend notices, other corporate and financial notices; association dues, subscriptions, fees of transfer agents, registrars of stock and fiscal agents, and other like expenses.

388. Stable and Other General Property Expense—(Classes A B and C).

Charge to this account the cost of labor employed, materials and supplies consumed, and expenses incurred by the utility in the operation of its general properties other than general office property.

In the charges to this account include the cost of operating such general properties as storerooms and storage yards, stables and garages, shops and all other general property not provided for elsewhere.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the separate cost of labor and other expense charged to this account.

389. Water Franchise Requirements—(Classes A B and C).

Charge to this account the cost of paving, etc., done by the utility for municipalities in compliance with its franchise requirements.

Exclude from this account the cost of water supplied free to municipalities under franchise requirements.

390. Taxes—(Classes A B and C).

Charge to this account and credit to "175. Taxes Accrued" account the amount of taxes payable by the utility that have accrued upon its property used in its water operations, and the amount of all other taxes that have accrued and are chargeable against its operating revenues.

391. Uncollectible Consumers' Accounts—(Classes A B and C).

Charge to this account and credit to "180. Uncollectible Consumers' Accounts Reserve" account the amount which, it is estimated, will, through gradual accumulation, be sufficient to provide for all accounts due from consumers, which prove impossible of collection because of the removal of such consumers beyond the jurisdiction of the State, the operation of the statute of limitations, discharge in bankruptcy, or for any other good and sufficient reason.

If the utility does not carry a reserve, charge directly to this account and credit to "119. Accounts Receivable from Consumers" account the amounts of those consumers accounts, which were charged to "119. Accounts Receivable from Consumers" account during the current year and which proved to be uncollectible. Charge those accounts which were charged to "119. Accounts Receivable from Consumers" account prior to the current year and which proved to be uncollectible during the current year to "712. Uncollectible Consumers' Accounts—Old Year" account.

Other General Expense—(Class C).

Legal Expenses—(Class B).

392. General Law Expenses—(Class A).

Charge to this account all general law expenses incurred by the utility.

In the charges to this account include the pay and expenses of counsel, solicitors, and attorneys, their clerks and attendants, and the expenses of their offices if they are employed exclusively by the utility; fees paid to legal advisers not regular employees of the utility; cost of printing briefs, legal forms, testimony, reports, etc.; payments to arbitrators of disputed questions; payments of special fees, notarial fees, and witness fees not elsewhere provided for; expenses connected with taking depositions, court costs, and like expenses.

Exclude from this account all expenses incurred in connection with the defense and settlement of damage claims.

If the utility maintains its own law department, it shall so keep the records supporting the entries to this account that it can furnish separate information as to the salaries, and the supplies and expenses thereof charged to this account.

393. Public Service Commission Expense—(Class A).

Charge to this account expenses incurred by the utility in its transactions with The Public Service Commission.

In the charges to this account include fees and retainers and expenses of counsel, solicitors, attorneys, clerks, attendants, witnesses, and others whose services are secured for the defense or prosecution of those petitions presented to The Public Service Commission that affect the utility; the pay, traveling and other expenses of those specially employed or assigned to ascertain the value of property owned or used by the utility; the cost of stationery and printing and engineering supplies consumed; and all other necessary expenses.

Exclude from this account and charge to the appropriate specific operating expense account those expenses, such as improvement of service and additional inspection, etc., which are made necessary by the rules, regulations, or orders of The Public Service Commission.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount and nature of each charge to this account.

394. Other Public Regulation Expense—(Class A).

Charge to this account expenses incurred by the utility in its transactions with all public regulating bodies except The Public Service Commission.

In the charges to this account include fees and retainers and expenses of counsel, solicitors, attorneys, clerks, attendants, witnesses and others whose services are secured for the defense or prosecution of those petitions that affect the utility and which are presented to regulating bodies other than The Public Service Commission; the cost of stationery and printing and engineering supplies consumed; and all other necessary expenses.

Exclude from this account and charge to the appropriate specific operating expense accounts those regular expenses that are made necessary by the rules, regulations, or orders of public regulating bodies other than The Public Service Commission.

Insurance and Pension Expense—(Class B).

395. Injuries and Damages—(Class A).

Charge to this account all expenses incurred by the utility for injuries to its employees and other persons and for damages to the property of others when such injuries and damages are caused by its water operations.

In the charges to this account include the amount of all awards of courts or other lawful authority, such as workmen's compensation boards, etc.; of all allowances by the utility itself for damages to or destruction of property other than that owned by the utility, and for injuries and deaths of employees and other persons. In addition include such items of expense as contributions to hospitals, transportation of injured persons, fees of physicians and surgeons, or, if regularly employed by the utility, a proportion of their salaries and expenses, nurses and hospital charges, cost of medical and surgical supplies, expenditures for funeral and burial services, the salaries of the utility's claim agents and adjusters and their assistants while engaged in settling damage, injury, or death claims which are caused by its water operations, the compensation of the solicitor or counsel while engaged in attending to law suits which develop from such claims and all court costs connected therewith paid by the utility.

If the utility carries a reserve for injuries and damages, charge to this account and credit to "179. Injuries and Damages Reserve" account the amount which it is estimated, will, through gradual accumulation, be sufficient to provide for injuries and damages. When payments are made for such injuries and damages, charge the amounts of such payments to "179. Injuries and Damages Reserve" account.

396. Other Insurance—(Class A).

Charge to this account all other insurance expenses incurred by the utility.

In the charges to this account include premiums paid to insurance companies for fire, casualty, boiler, fidelity, burglar, and all other insurance; and, in case the utility carries its own insurance risks, the salaries of those employed in its insurance department and all other expenses connected therewith.

If the utility carries all or part of its own insurance risks, charge to this account and credit to "178. Insurance Reserve" account that amount which, it is estimated, will, through gradual accumulation be sufficient to provide for all insurable losses to the property of the utility.

The credit to "178. Insurance Reserve" account shall not include any provision for the expenses of the insurance department.

If the utility carries its own insurance risks it shall so keep the records supporting the entries to this account that it can furnish separate information as to the amount of salaries, and supplies and expenses charged hereto.

397. Pensions—(Class A).

Charge to this account the amounts of all pensions paid to retired employees of the utility, or their heirs, and the salaries and other expenses of those employed in its pension department.

The records supporting the entries to this account shall be so kept that the utility can furnish separate information as to the amount of salaries, and supplies and expenses charged hereto.

General Adjustments—(Classes B and C).

398. Inventory Adjustments—(Class A).

Charge or credit to this account, when an actual inventory of materials and supplies is taken, the shortages or overages disclosed by such inventory as compared with the balance shown in "123. Materials and Supplies" account at the date of such inventory.

If materials and supplies have been used in construction as well as in operation, a proper proportion of such shortages or overages may be debited or credited to "269. Other Expenditures During Construction" account.

Inventories of materials and supplies shall be taken at least annually.

399. Discount on Materials and Supplies—(Class A).

Credit to this account all discounts which are received through prompt payments for materials and supplies consumed in operations and which cannot be applied directly to the invoice cost of such materials and supplies.

400. Joint Operating Expenses Transferred—(Class A).

Credit to this account that portion, which is chargeable to others, of the expenses incurred by the utility in operating any property used in water service for the joint benefit of itself and others under an arrangement for apportioning such expenses on the basis of the relative amounts of benefit to the several participants.

The amount credited to this account shall not include any allowance for profit or return upon the value of such property.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each party with whom it enters into such an agreement; whether or not it controls, is controlled by, or is in any way affiliated with each party; the terms of each agreement; and the total amount of expenses incurred under each agreement and the portion thereof charged to each party.

401. Maintenance of General Properties—(Classes A B and C).

Charge to this account the cost of labor employed, materials and supplies consumed, and expenses incurred by the utility in making repairs to its general properties.

In the charges to this account include the cost of repairs to general office structures and equipment, all other general structures such as shops, stores, stables, garages, etc., and all other general equipment used by the utility in its water operations.

402. Depreciation—(Classes A B and C).

Charge to this account and credit to "102. Depreciation of Structures and Equipment Reserve" account that amount which it is estimated will, through regular application over the life of the structures and equipment of the utility's water system, provide an adequate reserve to cover the depreciation accrued upon such structures and equipment.

403. Extraordinary Depreciation—(Classes A B and C).

Charge to this account and credit, as it applies, either to "132. Property Abandoned" or "133. Extraordinary Casualties" account that amount which will, through regular application, amortize those losses suffered by the utility either from the abandonment of its property or from extraordinary casualties.

The utility shall not amortize any loss through this account until it obtains the permission of The Public Service Commission.

404. Amortization of Franchises, Patent Rights and Licenses—(Classes A B and C).

Charge to this account and credit to "103. Amortization of Intangible Capital Reserve" account that amount which, through regular application, will provide at the expiration of the lives of the utility's limited franchises, patent rights, and licenses, a reserve equal to their original money cost.

INDEX TO INCOME ACCOUNTS

PRESCRIBED FOR CLASSES A B AND C WATER UTILITIES.

III. NON OPERATING REVENUE ACCOUNTS.

Account Number.	Name of Account.	Class.			Page.
500.	Merchandise Sales and Jobbing Work Revenue	A	B	C	94
	Rent Revenues			C	94
501.	Rents from Lease of Water System Properties	A	B		94
	Other Rent Revenues		B		94
502.	Rents from Lease of Other Properties	A			94
503.	Joint Facility Rent	A			94
	Interest Revenues		B	C	95
504.	Interest from Investment Securities	A			95
505.	Interest from Other Sources	A			95
506.	Dividends on Investment Securities	A	B	C	95
	Sinking and Other Reserve Fund Revenues		B	C	96
507.	Sinking Fund Revenues	A			96
508.	Insurance and Other Reserve Fund Revenues	A			96
509.	Profit from Operations of Others	A	B	C	96
510.	Sub Utility Revenues	A	B	C	96
511.	Other Non Operating Revenues	A	B	C	96

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PRESCRIBED FOR "CLASS B" WATER UTILITIES.

III. NON OPERATING REVENUE ACCOUNTS.

Account Number.	Name of Account.	Page.
500.	Merchandise Sales and Jobbing Work Revenue	94
501.	Rents from Lease of Water System Properties	94
502–503.	Other Rent Revenues	94
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506.	Dividends on Investment Securities	95
507–508.	Sinking and Other Reserve-Fund Revenues	96
509.	Profit from Operations of Others	96
510.	Sub Utility Revenues	96
511.	Other Non Operating Revenues	96

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PRESCRIBED FOR "CLASS C" WATER UTILITIES.

III. NON OPERATING REVENUE ACCOUNTS.

Account Number.	Name of Account.	Page.
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501–503.	Rent Revenues	94
504–505.	Interest Revenues	95
506.	Dividends on Investment Securities	95
507–508.	Sinking and Other Reserve Fund Revenues	96
509.	Profit from Operations of Others	96
510.	Sub Utility Revenues	96
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TEXT EXPLANATORY OF INCOME ACCOUNTS.

III. NON OPERATING REVENUE ACCOUNTS.

Credit to the appropriate numbered accounts listed under this caption or to the appropriate subcaptions under which such numbered accounts are listed the amounts earned by the utility from sources other than the operation of its water system.

These subcaptions as well as the numbered accounts listed under them are account titles. The letter, or letters, after each subcaption or numbered account indicates the class of the utility that is required to keep the account title prefixed thereto.

500. MERCHANDISE SALES AND JOBBING WORK REVENUE—(Classes A B and C).

Credit to this account the amount earned by the utility from its sales of plumbing fixtures, and other appliances.

Credit also to this account all earnings accruing to the utility on all jobbing work performed by the utility for its consumers or others, such as piping premises, connecting and disconnecting house piping and water fixtures, relocating piping and other water apparatus, and all other plumbing and fixture work.

RENT REVENUES—(Class C).

501. RENTS FROM LEASE OF WATER SYSTEM PROPERTIES—(Classes A and B).

Credit to this account the rental earned by the utility from land, structures, or equipment of the water system, which is owned by the utility or held by it under lease and which in turn is leased by it to others and is, during the period of such lease, subject to their exclusive control.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose for which each item of water system property is leased by the utility to others, the name of the lessees, the rental consideration, the duration of the lease, whether or not the utility controls, is controlled by, or is in any way affiliated with the lessees.

OTHER RENT REVENUES—(Class B).

502. RENTS FROM LEASE OF OTHER PROPERTIES—(Class A).

Credit to this account the rental earned by the utility from land, structures, or equipment not used in the water system, which is owned by the utility or held by it under lease and which in turn is rented by the utility to others under lease or otherwise.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the purpose for which each item of property is rented to others, to whom it is rented, the period for which it is rented, and the consideration.

503. JOINT FACILITY RENT—(Class A).

Credit to this account the amount of joint facility rent which the utility receives from others on its water system properties maintain

and operated by it for the joint benefit of itself and others under a joint agreement for sharing the expenses of operating such property on a basis of the relative amounts of benefits received by the participants.

By joint facility rent on such property is meant the amount of rent, profit, or return thereon which the utility receives from others in addition to their portion of the expenses of operating such properties.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each party with whom it enters into such an agreement; whether or not it controls, is controlled by, or is in any way affiliated with each party; the terms of each agreement; the amount of rent received thereon and the calculation thereof.

INTEREST REVENUES—(Classes B and C).

504. INTEREST FROM INVESTMENT SECURITIES—(Class A).

Credit to this account the interest earned on all interest bearing securities owned by the utility and carried in "106. INVESTMENT SECURITIES" account.

Interest is earned either when it has been actually collected or when it has accrued and the collection of it is reasonably assured either by past experience, guaranty, or otherwise.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each issuer of interest bearing securities held by the utility; whether or not such issuer controls, is controlled by, or is in any way affiliated with the utility; the dates of issue and maturity of such securities; the par value thereof, rate of interest, and the amount of interest earned on the securities of each issuer.

505. INTEREST FROM OTHER SOURCES—(Class A).

Credit to this account the amount of interest earned on all interest bearing assets of the utility except those provided for in "106. INVESTMENT SECURITIES" account.

Interest is earned either when it has been actually collected or when it has accrued and the collection of it is reasonably assured either by past experience, guaranty, or otherwise.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount of interest bearing debt, the interest on which is applicable to this account, owed to the utility; the name of each debtor and the age of his debt; the rate and amount of interest earned on such debt; whether or not such debtor controls, is controlled by, or is in any way affiliated with the utility.

506. DIVIDENDS ON INVESTMENT SECURITIES—(Classes A B and C).

Credit to this account at their cash value all dividends received upon stocks held by the utility and carried in "106. INVESTMENT SECURITIES" account.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each issuer of stock held by the utility upon which dividends were received; whether or not such issuer controls, is controlled by, or is in any way affiliated with the utility; the par value of such stock, the rate and the amount of dividend received thereon; the date it was declared and when it was received.

Non Operating Revenue Accounts

Sinking and Other Reserve Fund Revenues—(Classes B and C).

507. Sinking Fund Revenues—(Class A).

Credit to this account the amount earned on cash, securities, or other assets carried by the utility in "112. Sinking Fund Assets" account.

Exclude from this account any interest or dividends on securities issued or assumed by the utility and held in "112. Sinking Fund Assets" account.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to each kind of assets, from which revenue is derived, carried in "112. Sinking Fund Assets" account; the face or par value of each kind of assets and the rate and amount of interest or dividends thereon; the name of each issuer of securities carried among such assets; whether or not such issuer controls, is controlled by, or is in any way affiliated with the utility.

508. Insurance and Other Reserve Fund Revenues—(Class A).

Credit to this account the amount earned on cash, securities, or other assets carried by the utility in "113. Insurance and Other Reserve Fund Assets" account.

Exclude from this account any interest or dividends on securities issued or assumed by the utility and held in "113. Insurance and Other Reserve Fund Assets" account.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to each kind of asset, from which revenue is derived, carried in "113. Insurance and Other Reserve Fund Assets" account; the face or par value of each kind of asset, and the rate and amount of interest or dividends thereon; the name of each issuer of securities carried among such assets; whether or not such issuer controls, is controlled by, or is in any way affiliated with the utility.

509. Profit from Operations of Others—(Classes A B and C).

Credit to this account that portion of the profits made by others in the operations of their properties to which the utility is entitled by contractual agreement.

Exclude from this account dividends or other returns upon securities and interest upon construction advances and other loans.

The records supporting the entries to this account shall be so kept that the utility can furnish for each contract information as to the name of each party with whom the utility enters into such contract; the nature of his operations and the description and location of the property operated by him; the total amount of profits made in his operations and the portion thereof to which the utility is entitled.

510. Sub Utility Revenues—(Classes A B and C).

Credit to this account the amount received by the utility from the operation of that portion of its property that is used in public services other than water.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount of revenue received from the operation of each sub utility.

511. Other Non Operating Revenues—(Classes A B and C).

Credit to this account the amounts not provided for elsewhere, earned by the utility from non operating sources.

INDEX TO INCOME ACCOUNTS

PRESCRIBED FOR CLASSES A B AND C WATER UTILITIES.

IV. NON OPERATING EXPENSE ACCOUNTS.

Account Number.	Name of Account.	Class.			Page.
550.	Merchandise Sales and Jobbing Work Expense	A	B	C	100
	Rent Expense		B	C	100
551.	Lease of Water System Properties Expense	A			100
552.	Lease of Other Properties Expense	A			100
553.	Interest Expense	A	B	C	100
554.	Dividend Expense	A	B	C	101
555.	Expense of Procuring Profits from Operations of Others	A	B	C	101
556.	Sub Utility Expenses	A	B	C	101
557.	Non Operating Taxes	A	B	C	101
558.	Uncollectible Non Operating Revenues	A	B	C	101
559.	Other Non Operating Expense	A	B	C	101

INDEX TO INCOME ACCOUNTS

PRESCRIBED FOR "CLASS B" WATER UTILITIES.

IV. NON OPERATING EXPENSE ACCOUNTS.

Account Number.	Name of Account.	Page.
550.	Merchandise Sales and Jobbing Work Expense	100
551–552.	Rent Expense	100
553.	Interest Expense	100
554.	Dividend Expense	101
555.	Expense of Procuring Profits from Operations of Others	101
556.	Sub Utility Expenses	101
557.	Non Operating Taxes	101
558.	Uncollectible Non Operating Revenues	101
559.	Other Non Operating Expense	101

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PRESCRIBED FOR "CLASS C" WATER UTILITIES.

IV. NON OPERATING EXPENSE ACCOUNTS.

Account Number.	Name of Account.	Page.
550.	Merchandise Sales and Jobbing Work Expense	100
551–552.	Rent Expense	100
553.	Interest Expense	100
554.	Dividend Expense	101
555.	Expense of Procuring Profits from Operations of Others	101
556.	Sub Utility Expenses	101
557.	Non Operating Taxes	101
558.	Uncollectible Non Operating Revenues	101
559.	Other Non Operating Expense	101

TEXT EXPLANATORY OF INCOME ACCOUNTS.

IV. NON OPERATING EXPENSE ACCOUNTS.

Charge to the appropriate numbered accounts listed under this caption or to the appropriate subcaptions under which such numbered accounts are listed, the amounts of non operating expenses incurred by the utility.

These subcaptions as well as the numbered accounts listed under them are account titles. The letter, or letters, after each subcaption or numbered account indicates the class of the utility that is required to keep the account title prefixed thereto.

550. MERCHANDISE SALES AND JOBBING WORK EXPENSE—(Classes A B and C).

Charge to this account the cost to the utility of plumbing fixtures and other water appliances sold by it, and all expenses incurred by it in selling such fixtures and appliances.

Charge also to this account the cost of such jobbing work as piping premises, connecting and disconnecting house piping and water fixtures, relocating piping and other water apparatus, and all other plumbing and fixture work done by the utility for its consumers and others and for which it charges them.

RENT EXPENSE—(Classes B and C).

551. LEASE OF WATER SYSTEM PROPERTIES EXPENSE—(Class A).

Charge to this account all expenses incurred by the utility in connection with its water system properties leased to others.

In the charges to this account include commissions and fees; the cost of advertising and other expense of procuring tenants, drawing contracts and leases, collecting or enforcing payment of rent, ousting tenants, repairs borne by the utility, and all other necessary expenses except taxes.

552. LEASE OF OTHER PROPERTIES EXPENSE—(Class A).

Charge to this account all expenses incurred by the utility in connection with its properties, other than those of the water system, leased to others.

In the charges to this account include commissions and fees; cost of advertising and other expenses of procuring tenants, drawing contracts and leases, collecting or enforcing payment of rent, ousting tenants, repairs borne by the utility, and all other necessary expenses except taxes.

553. INTEREST EXPENSE—(Classes A B and C).

Charge to this account all expenses incurred by the utility in procuring interest due on its investment securities, short term notes, deposits, and all other interest bearing assets except those carried in sinking and other reserve funds.

In the charges to this account include the cost of collecting interest, investigating delay in and enforcing the payment of interest, and all other expenses chargeable against the interest revenue of the utility except taxes.

Non Operating Revenue Accounts

554. Dividend Expense—(Classes A B and C).

Charge to this account all expenses incurred by the utility in procuring dividends on the stocks of other corporations owned by it.

In the charges to this account include the cost of investigating the affairs of such corporations either for the purpose of detecting mismanagement, or inducing the declaration of dividends, or enforcing payment of dividends when declared; and all other necessary expenses except taxes assessed against such dividends.

555. Expense of Procuring Profits from Operations of Others—(Classes A B and C).

Charge to this account all expenses incurred by the utility in procuring profits from the operations of others.

In the charges to this account include the cost of negotiating contracts which entitle the utility to share in the profits from other's operations, modifying or cancelling such contracts, collecting the utility's portion of such profits, and all other necessary expenses incurred in acquiring these profits.

556. Sub Utility Expenses—(Classes A B and C).

Charge to this account all expenses incurred by the utility in the operation of that portion of its property that is used in public services other than water.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount of expenses incurred in the operation of each sub utility.

557. Non Operating Taxes—(Classes A B and C).

Charge to this account and credit to "175. Taxes Accrued" account the amount of taxes payable by the utility that have accrued upon its property not used in the conduct of its water operations, and the amount of all other taxes that have accrued and are chargeable against its non operating revenues.

558. Uncollectible Non Operating Revenues—(Classes A B and C).

Charge to this account and credit to the asset account, to which it was previously charged, the amount of any revenue that has been credited to any of the non operating revenue accounts during the current year and has proved to be uncollectible.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each debtor whose uncollectible account has been charged to this account; the reason and authority for making each charge to this account; the nature, age, and amount of each account chargeable hereto.

559. Other Non Operating Expense—(Classes A B and C).

Charge to this account all non operating expenses which are not provided for elsewhere in any of the other non operating expense accounts.

INDEX TO INCOME ACCOUNTS

PRESCRIBED FOR CLASSES A B AND C WATER UTILITIES.

V. GROSS INCOME DEDUCTION ACCOUNTS.

Account Number.	Name of Account.	Class.			Page.
	Rent Deductions			C	105
600.	Rent for Lease of Water System Properties	A	B		105
601.	Joint Facility Rent	A	B		105
602.	Other Rent Deductions	A	B		105
	Interest Deductions			C	106
603.	Interest Accrued on Funded Debt	A	B		106
604.	Interest Accrued on Unfunded Debt	A	B		106
	Contractual Deductions from Income			C	106
605.	Guaranties of Periodic Payments	A	B		106
606.	Loss on Operations of Others	A	B		106
607.	Other Contractual Deductions from Income	A	B		107
	Amortization Deductions			C	107
608.	Amortization of Debt Discount and Expense	A	B		107
609.	Amortization of Intangible Landed Capital	A	B		107
610.	Other Deductions from Income	A	B	C	108
611.	Amortization of Premium on Debt	A	B	C	108

INDEX TO INCOME ACCOUNTS

PRESCRIBED FOR "CLASS B" WATER UTILITIES.

V. GROSS INCOME DEDUCTION ACCOUNTS.

Account Number.	Name of Account.	Page.
600.	Rent for Lease of Water System Properties	105
601.	Joint Facility Rent	105
602.	Other Rent Deductions	105
603.	Interest Accrued on Funded Debt	106
604.	Interest Accrued on Unfunded Debt	106
605.	Guaranties of Periodic Payments	106
606.	Loss on Operations of Others	106
607.	Other Contractual Deductions from Income	107
608.	Amortization of Debt Discount and Expense	107
609.	Amortization of Intangible Landed Capital	107
610.	Other Deductions from Income	108
611.	Amortization of Premium on Debt	108

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PRESCRIBED FOR "CLASS C" WATER UTILITIES.

V. GROSS INCOME DEDUCTION ACCOUNTS.

Account Number.	Name of Account.	Page.
600–602.	Rent Deductions	105
603–604.	Interest Deductions	106
605–607.	Contractual Deductions from Income	106
608–609.	Amortization Deductions	107
610.	Other Deductions from Income	108
611.	Amortization of Premium on Debt	108

TEXT EXPLANATORY OF INCOME ACCOUNTS.

V. GROSS INCOME DEDUCTION ACCOUNTS.

RENT DEDUCTIONS—(Class C).

600. RENT FOR LEASE OF WATER SYSTEM PROPERTIES—(Classes A and B).

Charge to this account and credit to "176. OTHER ACCRUED LIABILITIES" account the amount of rent that accrues during each accounting period on the water system properties of others held and operated by the utility under a form of lease whereby it enjoys the exclusive use and possession of such properties.

The records supporting the entries to this account shall be so kept that the utility can furnish for each lease information as to the name of the lessor, the kind of property leased by him, and the utility function that it performs; the terms and the period of the lease and the amount of rent payable thereunder; whether such lessor controls, is controlled by, or is in any way affiliated with the utility; whether the rent is payable in cash, or is disbursed by the utility for the lessor as interest on funded debt, guaranteed dividends on stocks or otherwise.

601. JOINT FACILITY RENT—(Classes A and B).

Charge to this account the amount of joiut facility rent which the utility pays to others on their water system properties maintained and operated by them for the joint benefit of themselves and the utility under a joint agreement for sharing the expenses of operating such property on a basis of the relative amounts of benefit received by the participants.

By joiut facility rent on such property is meant the amount of rent, profit, or return thereon which the utility pays to others in addition to its portion of the expenses of operating such property.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each party with whom it euters into such an agreement; whether or not the utility controls, is controlled by, or is in any way affiliated with each party; the terms of each agreement; the amount of rent paid thereon and how this amount was determined.

602. OTHER RENT DEDUCTIONS—(Classes A and B).

Charge to this account and credit to "176. OTHER ACCRUED LIABILITIES" account the amount of rent, not provided for elsewhere, that accrues during each accounting period on property of others used by the utility.

Exclude from this account rent paid for general office use.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each party to whom the rent chargeable to this account is paid; the kind of property rented from him, the purpose for which it is used by the utility, and the amount of rent payable thereon; whether such party controls, is controlled by, or is in any way affiliated with the utility.

INTEREST DEDUCTIONS—(Class C).

603. INTEREST ACCRUED ON FUNDED DEBT—(Classes A and B).

Charge to this account and credit to "173. UNMATURED INTEREST ACCRUED ON FUNDED DEBT" account the amount of interest that accrues during each accounting period upon the funded indebtedness of the utility.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount of interest accrued during each accounting period upon each class of bonds issued by the utility, each real estate mortgage, advances from affiliated companies for construction, equipment, additions and betterments, and each item of other funded debt; the rate of interest and the principal of each of the above items of funded debt upon which each charge to this account was calculated; and the date upon which each item of such debt was incurred and the date when it is payable.

604. INTEREST ACCRUED ON UNFUNDED DEBT—(Classes A and B).

Charge to this account and credit to "174. UNMATURED INTEREST ACCRUED ON UNFUNDED DEBT" account, the amount of interest that accrues during each accounting period upon all unfunded debt of the utility.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the nature of each item of unfunded debt the interest on which is chargeable to this account, the principal thereof, the rate of interest, the amount of interest accrued thereon during each accounting period, the name of each party to whom such debt is owed, and the dates on which it was incurred and is payable.

CONTRACTUAL DEDUCTIONS FROM INCOME—(Class C).

605. GUARANTIES OF PERIODIC PAYMENTS—(Classes A and B).

Charge to this account as they become liabilities, the amounts of all obligations incurred by the utility under contracts in which it has guaranteed to make annual or more frequent payments of money owed by others or to discharge other obligations assumed by them in case they default. The guaranties of such payments and other obligations become actual liabilities of the utility when those whose duty it is to make such payments or discharge such obligations fail to fulfill their duties.

Exclude from this account all amounts for which the utility becomes liable as a result of its guaranties of the payment of the principal of the funded debt of others, and also all other obligations in the guaranteeing of which the utility has required sufficient security to protect it against any loss therefrom.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name and amount of each obligation which is chargeable to this account, the purpose for which such obligation was guaranteed by the utility, whether those, whose obligations are guaranteed, control, are controlled by, or are in any way affiliated with the utility.

606. LOSS ON OPERATIONS OF OTHERS—(Classes A and B).

Charge to this account the amount which the utility by contractual agreement is obliged to contribute to reimburse others for losses which result from their operations.

The records supporting the entries to this account shall be so kept that the utility can furnish for each contract information as to the name of each party with whom the utility has entered into such a contract, the nature of his operations and the location of the property operated by him, the total amount of loss suffered from his operations, the portion of it charged to the utility, and the basis upon which such charge was made.

607. OTHER CONTRACTUAL DEDUCTIONS FROM INCOME—(Classes A and B).

Charge to this account as they accrue and become liabilities of the utility the amounts of all obligations which are incurred by the utility under contracts and which are not provided for elsewhere. This account includes only those items that are chargeable to income and does not include any liabilities for purchases.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the nature and amount of each charge to this account.

AMORTIZATION DEDUCTIONS—(Class C).

608. AMORTIZATION OF DEBT DISCOUNT AND EXPENSE—(Classes A and B).

Charge, at or before the close of each fiscal period, to this account and credit to "131. UNAMORTIZED DEBT DISCOUNT AND EXPENSE" account that proportion of the unextinguished discount and expense of the utility which is applicable thereto.

The charge for each fiscal period shall be such an amount that it will through regular application during the period from the date of the sale to the date of maturity of the evidences of indebtedness upon which the discount and expense was incurred, completely extinguish such discount and expense.

The utility may amortize its debt discount and expense sooner by charging all or part of it, either at the time of the issue of the debt to which it applies or later to "711. OTHER DEDUCTIONS FROM SURPLUS" account.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount of debt discount and expense charged to this account during each fiscal period for each class of its funded debt, the date of issue and maturity of the debt to which such discount applies, and the method whereby charges to this account are determined.

609. AMORTIZATION OF INTANGIBLE LANDED CAPITAL—(Classes A and B).

Charge to this account and credit to "103. AMORTIZATION OF INTANGIBLE CAPITAL RESERVE" account that amount which, through regular application, will provide at the expiration of the lives of the utility's limited rights of ways, leaseholds, water power rights, and water diversion rights, a reserve equal to their original money cost.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount charged to this account during each fiscal period for each item of intangible landed capital, the date when such intangible landed capital was acquired and the date when its life expires, and the method by which the charges to this account were determined.

Gross Income Deduction Accounts

610. Other Deductions from Income—(Classes A B and C).

Charge to this account all those amounts that are deducted from the income of the utility and are not provided for elsewhere.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the nature and amount of each different charge to this account and the name of the account that is credited when this account is charged.

611. Amortization of Premium on Debt—(Classes A B and C).

Credit, at or before the close of each fiscal period, to this account and charge to "177. Unamortized Premium on Debt" account such a proportion of the premium as is based upon the life of the debt upon which the premium was received from the date of its issue to the date of its maturity.

If the utility elects not to extinguish its premium until the debt to which it is applicable is retired or matures, it shall credit to this account that portion of the premium that is applicable to the year in which the debt is retired or matures and it shall credit the balance of the premium to "702. Other Additions to Surplus" account.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount of premium credited to this account during each fiscal period for each class of the utility's debt, and the dates of issue and maturity of each class of such debt.

INDEX TO INCOME ACCOUNTS

PRESCRIBED FOR CLASSES A B AND C WATER UTILITIES.

NET INCOME AND NET INCOME APPROPRIATION ACCOUNTS.

Account Number.	Name of Account.	Class.	Page.
	VI. NET INCOME OR LOSS ACCOUNT.		
625.	Profit and Loss—Current Year	A B C	112
	VII. NET INCOME APPROPRIATION ACCOUNTS.		
	Net Income Appropriated for Reserve Funds ...	C	112
650.	Net Income Appropriated for Sinking Funds	A B	112
651.	Net Income Appropriated for Other Reserve Funds	A B	113
652.	Net Income Appropriated for Dividends	A B C	113
653.	Net Income Appropriated for Investment in Fixed Capital	A B C	113

INDEX TO INCOME ACCOUNTS

PRESCRIBED FOR "CLASS B" WATER UTILITIES.

NET INCOME AND NET INCOME APPROPRIATION ACCOUNTS.

Account Number.	Name of Account.	Page.
	VI. NET INCOME OR LOSS ACCOUNT.	
625.	Profit and Loss—Current Year	112
	VII. NET INCOME APPROPRIATION ACCOUNTS.	
650.	Net Income Appropriated for Sinking Funds	112
651.	Net Income Appropriated for Other Reserve Funds	113
652.	Net Income Appropriated for Dividends	113
653.	Net Income Appropriated for Investment in Fixed Capital	113

INDEX TO INCOME ACCOUNTS

PRESCRIBED FOR "CLASS C" WATER UTILITIES.

NET INCOME AND NET INCOME APPROPRIATION ACCOUNTS.

Account Number.	Name of Account.	Page.
	VI. NET INCOME OR LOSS ACCOUNT.	
625.	Profit and Loss—Current Year	112
	VII. NET INCOME APPROPRIATION ACCOUNTS.	
650-651.	Net Income Appropriated for Reserve Funds	112
652.	Net Income Appropriated for Dividends	113
653.	Net Income Appropriated for Investment in Fixed Capital	113

TEXT EXPLANATORY OF INCOME ACCOUNTS.

VI. NET INCOME OR LOSS ACCOUNT.

625. PROFIT AND LOSS—CURRENT YEAR—(Classes A B and C).

At the close of each fiscal period the utility shall transfer to this account all of the balances in its operating revenue and expense accounts, non operating revenue and expense accounts, and gross income deduction accounts. The result obtained by assembling in this account all of these credit and debit balances is the net income or net loss of the utility for the fiscal year to which they pertain.

If it is the practice of the utility to appropriate any of its net income for sinking funds and other reserves, or for dividends, or for investment in fixed capital, it shall charge the amounts of such appropriations to this account. After these charges have been made, it shall close this account by transferring the balance to "186. CORPORATE SURPLUS UNAPPROPRIATED" account. If it does not make any such appropriations it shall transfer the net income or loss to "186. CORPORATE SURPLUS UNAPPROPRIATED" account.

If the utility is a sole proprietorship or a partnership it shall close this account by the transfer of the proper share in the profit or loss to the appropriate proprietors capital accounts.

This account shall be closed at the end of each fiscal period.

VII. NET INCOME APPROPRIATION ACCOUNTS.

Charge to the appropriate numbered accounts listed under this caption or to the appropriate subcaptions under which such numbered accounts are listed the amounts which the utility appropriates from its net income during each fiscal period for sinking and other reserve funds, dividends, or investment in fixed capital.

At the end of each fiscal period it shall close all of these accounts into "625. PROFIT AND LOSS—CURRENT YEAR" account

These subcaptions as well as the numbered accounts listed under them are account titles. The letter, or letters, after each subcaption or numbered account indicates the class of the utility that is required to carry the account title prefixed thereto.

NET INCOME APPROPRIATED FOR RESERVE FUNDS—(Class C).

650. NET INCOME APPROPRIATED FOR SINKING FUNDS—(Classes A and B).

Charge to this account and credit to "184. SURPLUS RESERVED FOR SINKING FUNDS" account the amounts that are definitely set aside from the net income of the utility and invested or placed in the care of its trustees or other fiscal agents for the purpose of providing funds for the redemption of funded debt obligations that have been issued or assumed by it subject to sinking fund requirements.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each sinking fund and the amount appropriated to it during each year from the net income of the utility, and the basis upon which appropriations are made for each fund.

Net Income Appropriation Accounts

651. Net Income Appropriated for Other Reserve Funds—(Classes A and B).

Charge to this account and credit to "185. Other Surplus Reserves" account the amounts set aside from the net income of the utility and held in reserve for purposes not provided for elsewhere.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name and purpose of each reserve for which charges are made to this account, the amount appropriated to it during each fiscal period from the net income of the utility, and the basis upon which such appropriation is made.

652. Net Income Appropriated for Dividends—(Classes A B and C).

Charge to this account and credit to "170. Dividends Payable" account the amount of dividends declared from the net income of the utility upon the actually outstanding capital stock that has been issued or assumed by it.

This account shall not include charges for dividends on any capital stock, issued or assumed by the utility, which is owned by it and either held in its treasury, special deposits, sinking or other reserve funds, or pledged as collateral.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each class of stock the dividends declared on which were charged to this account, the par value of each class of such stock and the rate and amount of dividends declared thereon, the resolution by which each dividend was declared, the date of its declaration and the date of its payment, whether it is to be paid in cash, stock or otherwise.

653. Net Income Appropriated for Investment in Fixed Capital—(Classes A B and C).

Charge to this account and credit to "182. Surplus Invested in Fixed Capital After January 1, 1918" account the amounts that are definitely set aside from the net income of the utility and actually expended for the acquisition of land and completed structures and equipment, or for the construction of structures and equipment, or for any additions and betterments thereto.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the specific items of fixed capital acquired or constructed under each appropriation and the amount expended thereunder.

INDEX TO SURPLUS ACCOUNTS.

PRESCRIBED FOR CLASSES A B AND C WATER UTILITIES.

SURPLUS CREDIT AND SURPLUS DEBIT ACCOUNTS.

Account Number.	Name of Account.	Class.	Page.
	I. SURPLUS CREDIT ACCOUNTS.		
	Additions to Surplus	C	117
700.	Uncollectible Consumers' Accounts Recovered	A B	117
701.	Uncollectible Non Operating Revenues Recovered	A B	117
702.	Other Additions to Surplus	A B	117
	II. SURPLUS DEBIT ACCOUNTS.		
	Surplus Appropriated for Reserves	C	118
703.	Surplus Appropriated for Sinking Funds	A B	118
704.	Surplus Appropriated for Other Reserve Funds	A B	118
705.	Surplus Appropriated for Dividends	A B C	118
706.	Surplus Appropriated for Investment in Fixed Capital	A B C	119
	Surplus Appropriated for Other Purposes	C	119
707.	Gifts to Affiliated Companies	A B	119
708.	Expenses Unprovided for Elsewhere	A B	119
709.	Amortization Unprovided for Elsewhere	A B	119
710.	Other Appropriations of Surplus	A B	120
711.	Other Deductions from Surplus	A B C	120
712.	Uncollectible Consumers' Accounts—Old Year	A B C	120
713.	Uncollectible Non Operating Revenues—Old Year	A B C	121

INDEX TO SURPLUS ACCOUNTS

PRESCRIBED FOR "CLASS B" WATER UTILITIES.

SURPLUS CREDIT AND SURPLUS DEBIT ACCOUNTS.

Account Number.	Name of Account.	Page.
	I. SURPLUS CREDIT ACCOUNTS.	
700.	Uncollectible Consumers' Accounts Recovered	117
701.	Uncollectible Non Operating Revenues Recovered	117
702.	Other Additions to Surplus	117
	II. SURPLUS DEBIT ACCOUNTS.	
703.	Surplus Appropriated for Sinking Funds	118
704.	Surplus Appropriated for Other Reserve Funds	118
705.	Surplus Appropriated for Dividends	118
706.	Surplus Appropriated for Investment in Fixed Capital	119
707.	Gifts to Affiliated Companies	119
708.	Expenses Unprovided for Elsewhere	119
709.	Amortization Unprovided for Elsewhere	119
710.	Other Appropriations of Surplus	120
711.	Other Deductions from Surplus	120
712.	Uncollectible Consumers' Accounts—Old Year	120
713.	Uncollectible Non Operating Revenues—Old Year	121

INDEX TO SURPLUS ACCOUNTS

PRESCRIBED FOR "CLASS C" WATER UTILITIES.

SURPLUS CREDIT AND SURPLUS DEBIT ACCOUNTS.

Account Number.	Name of Account.	Page.
	I. SURPLUS CREDIT ACCOUNTS.	
700-702.	Additions to Surplus	117
	II. SURPLUS DEBIT ACCOUNTS.	
703-704.	Surplus Appropriated for Reserves	118
705.	Surplus Appropriated for Dividends	118
706.	Surplus Appropriated for Investment in Fixed Capital	119
707-710.	Surplus Appropriated for Other Purposes	119
711.	Other Deductions from Surplus	120
712.	Uncollectible Consumers' Accounts—Old Year	120
713.	Uncollectible Non Operating Revenues—Old Year	121

TEXT EXPLANATORY OF SURPLUS ACCOUNTS.

I. SURPLUS CREDIT ACCOUNTS.

Credit to the appropriate numbered accounts listed under this caption or to the appropriate subcaptions under which such numbered accounts are listed the amounts, except the amount of profit transferred from "625. Profit and Loss—Current Year" account, that represent additions to the surplus of the utility during each fiscal period.

At the end of each fiscal period the utility shall close all of these accounts into "186. Corporate Surplus Unappropriated" account.

These subcaptions as well as the numbered accounts listed under them are account titles. The letter, or letters, after each subcaption or numbered account indicates the class of the utility that is required to keep the account title prefixed thereto.

Additions to Surplus—(Class C).

700. Uncollectible Consumers' Accounts Recovered—(Classes A and B).

Credit to this account all amounts collected by the utility on those accounts with consumers which have been charged during previous years either to "391. Uncollectible Consumers' Accounts" or "712. Uncollectible Consumers' Accounts—Old Year" account.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each debtor the collection of whose debt is credited to this account, the amount collected from each debtor, the date when the debt was incurred, and the date when it was charged off as uncollectible.

701. Uncollectible Non Operating Revenues Recovered—(Classes A and B).

Credit to this account all amounts collected by the utility on those accounts which result from the non operating activities of the utility and which have been charged during previous years to "558. Uncollectible Non Operating Revenues" account.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each debtor the collection of whose debt is credited to this account, the amount collected from each debtor, the date when such debt was incurred, and the date when it was charged off as uncollectible.

702. Other Additions to Surplus—(Classes A and B).

Credit to this account all those amounts not provided for elsewhere that are added to the surplus of the utility and are not assignable to its income.

In the credits to this account include additions due to the adjustment of errors that occurred in previous accounting periods; profits derived from the sales of property not used by the utility in the conduct of its water operations; profits that result from adjustments due to the recording on the books of the utility at par value securities issued or assumed by it and later reacquired at a cost below par value; profits that result from the resale of such securities; the unamortized portion of the pre-

mium on those items of the utility's funded debt that are retired before their maturity; premium on capital stock at the time the stock on which it was realized is retired; and other like additions.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the nature and amount of each different credit to this account.

II. SURPLUS DEBIT ACCOUNTS.

Charge to the appropriate numbered accounts listed under this caption or to the appropriate subcaptions under which such numbered accounts are listed the amounts, except the amount of loss transferred from "625. PROFIT AND LOSS—CURRENT YEAR" account, that represent subtractions from the surplus of the utility during each fiscal period.

At the end of each fiscal period the utility shall close all of these accounts into "186. CORPORATE SURPLUS UNAPPROPRIATED" account.

These subcaptions as well as the numbered accounts listed under them are account titles. The letter, or letters, after each subcaption or numbered account indicates the class of the utility that is required to keep the account title prefixed thereto.

SURPLUS APPROPRIATED FOR RESERVES—(Class C).

703. SURPLUS APPROPRIATED FOR SINKING FUNDS—(Classes A and B).

Charge to this account and credit to "184. SURPLUS RESERVED FOR SINKING FUNDS" account, the amounts that are definitely set aside from the surplus of the utility and invested or placed in the care of its trustees, or other fiscal agents, for the purpose of providing funds for the redemption of funded debt obligations that have been issued, or assumed, by it subject to sinking fund requirements.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each sinking fund and the amount appropriated to it during each year from the surplus of the utility, and the basis upon which such appropriation is made.

704. SURPLUS APPROPRIATED FOR OTHER RESERVE FUNDS—(Classes A and B).

Charge to this account and credit to "185. OTHER SURPLUS RESERVES" account, the amounts that are set aside from the surplus of the utility and held in reserve for purposes not provided for elsewhere.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name and purpose of each reserve for which charges are made to this account, the amount appropriated to it during each fiscal period from the surplus of the utility, and the basis upon which such appropriation is made.

705. SURPLUS APPROPRIATED FOR DIVIDENDS—(Classes A B and C).

Charge to this account and credit to "170. DIVIDENDS PAYABLE" account the amount of dividends declared from the surplus of the utility upon all actually outstanding capital stock issued or assumed by it.

This account shall not include charges for dividends on any capital stock issued or assumed by the utility, which is owned by it and either held in its treasury, special deposits, sinking or other reserve funds, or pledged as collateral.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each class of stock, the dividends declared on which were charged to this account, the par value of each class of such stock and the rate and amount of dividends declared thereon, the resolution by which each dividend was declared, the date of its declaration and the date of its payment, and whether it is to be paid in cash, stock or otherwise.

706. SURPLUS APPROPRIATED FOR INVESTMENT IN FIXED CAPITAL—(Classes A B and C).

Charge to this account and credit to "182. SURPLUS INVESTED IN FIXED CAPITAL AFTER JANUARY 1, 1918" account the amounts that are definitely set aside from the surplus of the utility and actually expended for the acquisition of land and completed structures and equipment, or for the construction of new structures and the purchase of new equipment, or for additions to land, or for additions and betterments to structures and equipment.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the specific items of fixed capital acquired or constructed under each appropriation and the amount expended thereunder.

SURPLUS APPROPRIATED FOR OTHER PURPOSES—(Class C).

707. GIFTS TO AFFILIATED COMPANIES—(Classes A and B).

Charge to this account the amounts which the utility gives, without expectation of reimbursement, to those water utilities, other utilities, and non utilities that are affiliated with it in any way.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each affiliated company to which the utility gives such gifts, and the amount and purpose of each gift.

708. EXPENSES UNPROVIDED FOR ELSEWHERE—(Classes A and B).

Charge to this account all expenses incurred by the utility that are not applicable to either its operating or non-operating expense accounts.

In the charges to this account include such items as fines levied on the utility for violations of law, misfeasance, non-feasance, etc.; fines paid by it that are imposed on its directors, other officers, or employees; donations made to churches and others; and other like expenses incurred by the utility.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the nature and amount of each different charge to this account.

709. AMORTIZATION UNPROVIDED FOR ELSEWHERE—(Classes A and B).

Charge to this account and credit as it is applicable to either "132. PROPERTY ABANDONED" or "133. EXTRAORDINARY CASUALTIES" account that portion of the loss on property abandoned by the utility or destroyed by extraordinary casualties, which The Public Service Commission has directed the utility to amortize by charges to its surplus.

Charge also to this account and credit as they are applicable either to "200. ORGANIZATION" or "203. OTHER INTANGIBLE CAPITAL" account the amounts necessary to provide for the amortization of those items of intangible fixed capital which are being amortized voluntarily by the utility.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount charged to this account for each of the above items.

710. OTHER APPROPRIATIONS OF SURPLUS—(Classes A and B).

Charge to this account all appropriations of surplus made by the utility and not provided for elsewhere.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the amount and purpose of each different appropriation made during each year.

711. OTHER DEDUCTIONS FROM SURPLUS—(Classes A B and C).

Charge to this account all those amounts not provided for elsewhere that are deducted from the surplus of the utility and are not chargeable to its income.

In the charges to this account include deductions due to the adjustment of errors that occurred in previous accounting periods; losses on sales of property not used by the utility in the conduct of its water operations; losses that result from adjustment due to recording on the books of the utility at par value securities issued or assumed by it and later reacquired at a cost above par value; losses that result from the resale of such securities; the unamortized portion of the discount and expense of those items of the utility's funded debt that are retired before their maturity; and other like deductions.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the nature and amount of each different charge to this account.

712. UNCOLLECTIBLE CONSUMERS' ACCOUNTS—OLD YEAR—(Classes A B and C).

Charge to this account and credit to "119. ACCOUNTS RECEIVABLE FROM CONSUMERS" account the amounts of those consumers' accounts which were charged to "119. ACCOUNTS RECEIVABLE FROM CONSUMERS" account prior to the current year and which prove impossible of collection because of the removal of such consumers beyond the jurisdiction of the State, the operation of the statute of limitations, discharge in bankruptcy, or for any other good and sufficient reason.

If the utility carries a reserve, charge the amounts of such uncollectible account to "180. UNCOLLECTIBLE CONSUMERS' ACCOUNTS RESERVE" account.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each debtor whose uncollectible account has been charged to this account, the reason and authority for making such charge, and the age and amount of each account charged hereto.

Surplus Debit Accounts

713. Uncollectible Non Operating Revenues—Old Year—(Classes A B and C).

Charge to this account and credit to the asset account to which it was previously charged, the amount of any revenue that had been credited to any of the non operating revenue accounts prior to the current year and has proved to be uncollectible during the current year.

The records supporting the entries to this account shall be so kept that the utility can furnish information as to the name of each debtor whose uncollectible account has been charged to this account; the reason and authority for making each charge to this account; the nature, age, and amount of each account chargeable hereto.

APPENDIX.

BALANCE SHEET ACCOUNTS

PRESCRIBED FOR "CLASS D" WATER UTILITIES.

The following Balance Sheet Accounts are prescribed for "Class D" utilities. Some of these accounts are the same in title and substance as certain balance sheet accounts prescribed for "Class A", "Class B", and "Class C" utilities. Others are summary accounts of certain other "Class A", "Class B", and "Class C" balance sheet accounts.

Where a balance sheet account prescribed for a "Class D" utility is identical in the title and substance with one prescribed for the other classes of utilities the number of the account with which it is identical is referred to under the title of the "Class D" account. In like manner where the balance sheet account prescribed for a "Class D" utility is a summary account of certain accounts prescribed for the other classes of utilities the numbers of each of the accounts of which the "Class D" account is a summary account is referred to under the title of the "Class D" account. By consulting the accounts referred to by the number under any of its balance sheet accounts a "Class D" utility can determine the items that it should charge or credit to such account.

ASSET ACCOUNTS.

1. Fixed Capital Installed Prior to January 1, 1918.
   The content of this account is described in account number 100.

2. Fixed Capital Installed Since December 31, 1917.
   The content of this account is described in account number 101.

3. Depreciation of Structures and Equipment Reserve.
   The content of this account is described in account number 102.

4. Amortization of Intangible Capital Reserve.
   The content of this account is described in account number 103.

5. Property Used in Other Public Services.
   The content of this account is described in account number 107.

6. Other Investments.
   The content of this account is described in account numbers 106, 108 and 109.

7. Reacquired Securities.
   The content of this account is described in account numbers 110 and 111.

8. Fund Accounts.
   The content of this account is described in account numbers 112 and 113.

9. Cash.
   The content of this account is described in account number 117.

10. Notes Receivable.
    The content of this account is described in account number 118.

Balance Sheet Accounts

11. Accounts Receivable.
The content of this account is described in account numbers 119, 120 and 121.

12. Materials and Supplies.
The content of this account is described in account number 123.

13. Other Current Assets.
The content of this account is described in account number 124.

14. Prepaid Accounts.
The content of this account is described in account numbers 127, 128, 129 and 130.

15. Deferred Charge Accounts.
The content of this account is described in account numbers 131, 132, 133, 134 and 135.

LIABILITY ACCOUNTS.

16. Capital Stock.
The content of this account is described in account number 150.

17. Non Corporate Proprietorship.
The content of this account is described in account numbers 154 and 155.

18. Bonds.
The content of this account is described in account number 156.

19. Other Funded Debt.
The content of this account is described in account numbers 157, 158 and 159.

20. Notes Payable.
The content of this account is described in account number 163.

21. Accounts Payable.
The content of this account is described in account numbers 164, 165, 166, 167, 168, 169, 170 and 171.

22. Other Current Liabilities.
The content of this account is described in account number 172.

23. Taxes Accrued.
The content of this account is described in account number 175.

24. Other Accrued Liabilities.
The content of this account is described in account numbers 173, 174 and 176.

25. Reserve Accounts.
The content of this account is described in account numbers 178, 179, 180 and 181.

26. Corporate Surplus.
The content of this account is described in account number 186.

INCOME ACCOUNTS

PRESCRIBED FOR "CLASS D" WATER UTILITIES.

The following Income Accounts are prescribed for "Class D" utilities. Some of these accounts are the same in title and substance as certain "Class A" income accounts. Others are summary accounts of certain other "Class A" income accounts.

Where an income account prescribed for a "Class D" utility is identical in title and substance with one prescribed for "Class A" utilities the number of the "Class A" account with which it is identical is referred to under the title of the "Class D" account. In like manner where the income account prescribed for "Class D" utility is a summary account of certain "Class A" income accounts the number of each of the "Class A" accounts of which the "Class D" account is a summary account is referred to under the title of the "Class D" account. By consulting the "Class A" accounts referred to by number under any of its income accounts, a "Class D" utility can determine the items that it should charge or credit to such account.

I. OPERATING REVENUE ACCOUNTS.

30. Private Sales.
The content of this account is described in account numbers 300, 301, 302, 303, 306, 307, 308, 309 and 310.

31. Public Sales.
The content of this account is described in account numbers 304, 311 and 312.

32. Sales to Other Water Utilities for Resale.
The content of this account is described in account numbers 305 and 313.

33. Operatino Revenue Other than Water Sales.
The content of this account is described in account number 314.

34. Consumers Discounts Forfeited and Penalties Imposed.
The content of this account is described in account number 315.

35. Allowances to Consumers.
The content of this account is described in account number 316.

II. OPERATING EXPENSE ACCOUNTS.

36. Operating Labor.
The content of this account is described in account numbers 350, 354, 357, 362, 368, 369 and 370.

37. Operatino Supplies and Expenses.
The content of this account is described in account numbers 351, 355, 358, 359, 360, 363, 364, 365, 366, 371, 372, 373 and 374.

38. Water Purchased for Resale.
The content of this account is described in account number 352.

39. Taxes.
The content of this account is described in account number 390.

40. Other General Operating Expenses.
The content of this account is described in account numbers 382, 383, 384, 385, 386, 387, 388, 389, 391, 392, 393, 394, 395, 396, 397, 398 and 399.

41. Maintenance of Water System Properties.
The content of this account is described in account numbers 353, 356, 361, 367, 375, 376, 377, 378, 379, 380, 381 and 401.

42. Depreciation.
The content of this account is described in account number 402.

43. Extraordinary Depreciation.
The content of this account is described in account number 403.

44. Amortization of Franchises, Patent Rights and Licenses.
The content of this account is described in account number 404.

III. NON OPERATING REVENUE AND EXPENSE ACCOUNTS.

45. Non Operating Revenue.
The content of this account is described in account numbers 500 to 511, inclusive.

46. Non Operating Expense.
The content of this account is described in account numbers 550 to 559, inclusive.

IV. GROSS INCOME DEDUCTION ACCOUNTS.

47. Interest Deduction.
The content of this account is described in account numbers 603 and 604.

48. Other Deductions from Income.
The content of this account is described in account numbers 600, 601, 602, 605, 606, 607, 608, 609, 610 and 611.

V. NET INCOME OR LOSS ACCOUNT.

49. Profit and Loss—Current Year.
The content of this account is described in account number 625.

SURPLUS ACCOUNTS.

PRESCRIBED FOR "CLASS D" WATER UTILITIES.

The following surplus accounts are prescribed for "Class D" utilities. Each of these accounts is a summary account of certain "Class A" surplus accounts.

Under the title of each "Class D" surplus account appear the numbers of the "Class A" accounts of which the "Class D" account is a summary account. By consulting the "Class A" accounts referred to by number under any of its surplus accounts, a "Class D" utility can determine the items that it should charge or credit to such account.

50. ADDITIONS TO SURPLUS.

The content of this account is described in account numbers 700 to 702, inclusive.

51. APPROPRIATIONS OF SURPLUS.

The content of this account is described in account numbers 703 to 707, inclusive.

52. OTHER SURPLUS CHARGES.

The content of this account is described in account numbers 708 to 713, inclusive.

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